

103D CONGRESS
1ST SESSION

S. 684

To establish a national health plan, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 31 (legislative day, MARCH 3), 1993

Mr. INOUE (for himself and Mr. WELLSTONE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To establish a national health plan, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “National Health Care Act of 1993”.

6 (b) TABLE OF CONTENTS.—The table of contents is
7 as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purpose.
- Sec. 3. Definitions.

TITLE I—NATIONAL HEALTH CARE PROGRAM

- Sec. 101. Establishment.
- Sec. 102. Approval of State programs.
- Sec. 103. Eligibility for enrollment.
- Sec. 104. Enrollment.

Sec. 105. Portability.

TITLE II—BENEFITS AND PROVISION OF SERVICES

Subtitle A—Scope of Services

- Sec. 201. Covered services.
- Sec. 202. Exclusions.
- Sec. 203. Prohibitions on limitations.
- Sec. 204. Eligibility.
- Sec. 205. Additional and duplicate services.

Subtitle B—Provision of Services

- Sec. 211. Health care providers.
- Sec. 212. Delivery systems.
- Sec. 213. State long-term care coordination agencies.
- Sec. 214. Incorporation of miscellaneous Medicare-related provisions.
- Sec. 215. Nondiscrimination.

TITLE III—REVENUE

Subtitle A—Budget Process

- Sec. 301. National and State health budgets.
- Sec. 302. Payments to States.
- Sec. 303. Establishment of exchange program.

Subtitle B—Payments to Health Care Providers

- Sec. 311. Payments to health care providers.
- Sec. 312. Payments to institutional health care providers.
- Sec. 313. Payments for services by individual health care providers.
- Sec. 314. Payments to integrated health service plans.
- Sec. 315. Payments for prescription drugs.
- Sec. 316. Approved devices and equipment.
- Sec. 317. Grievance procedure.

Subtitle C—Sources of Revenue

- Sec. 321. Federal sources of revenue.
- Sec. 322. State sources of revenue.
- Sec. 323. Cost-sharing.
- Sec. 324. National Health Care Trust Fund.

TITLE IV—ADMINISTRATION

Subtitle A—Federal Administration

- Sec. 401. National Health Care Administration.
- Sec. 402. National Health Board.
- Sec. 403. National Council on Quality Assurance and Consumer Protection.
- Sec. 404. Medical Malpractice Commission.
- Sec. 405. Utilization and quality control peer review organizations.
- Sec. 406. Public Health Functions and Activities Commission.
- Sec. 407. Technical assistance centers.

Subtitle B—State and Local Administration

- Sec. 411. State agency.
 Sec. 412. State and local planning boards.

TITLE V—TRANSITION AND RELATIONSHIP TO OTHER PROGRAMS

- Sec. 501. Effective date.
 Sec. 502. Repeals and incorporations.
 Sec. 503. Transition.
 Sec. 504. Rules governing congressional consideration.
 Sec. 505. Relation to Employee Retirement Income Security Act of 1974.

TITLE VI—MISCELLANEOUS PROVISIONS

- Sec. 601. Bill of rights.
 Sec. 602. Research and service delivery improvement program grants.
 Sec. 603. Prevention, health promotion, and health awareness program grants.
 Sec. 604. Displaced workers.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to establish a single-payer
 3 national program of health care services that is adminis-
 4 tered by the States under Federal guidelines and pro-
 5 vides—

6 (1) a right to health care services for every
 7 United States citizen and resident, regardless of
 8 race, color, religion, sex, national origin, age, health
 9 condition, sexual preference, income, language, or
 10 geographic residence in an urban or rural area;

11 (2) comprehensive health benefits that—

12 (A) enable consumers to achieve and main-
 13 tain physical and mental health, maximize po-
 14 tential for enhanced social and physical func-
 15 tioning, and sustain a meaningful quality of
 16 life; and

1 (B) provide a major emphasis on primary
2 prevention and health promotion;

3 (3) a broad range of involvement on the local
4 level by health care providers, public agencies, con-
5 sumers, civic organizations, schools, employers, and
6 unions;

7 (4) cost-conscious delivery of high-quality serv-
8 ices through prospective global budgeting for the
9 States and hospitals, negotiated fee schedules for
10 health care providers, efficient use of health care fa-
11 cilities and equipment, and the elimination of unnec-
12 essary medical procedures;

13 (5) the right of consumers to participate in the
14 decisions that directly affect their lives, and in the
15 decisions that relate to the design and implementa-
16 tion of covered services;

17 (6) a simplified administrative structure that
18 enhances access and reduces administrative waste;

19 (7) freedom of choice of consumers to select
20 health care providers within the framework of a na-
21 tional health care program;

22 (8) primary financing through progressive Fed-
23 eral taxation;

24 (9) an integrated health delivery system that—

1 (A) provides a continuum of care that links
2 all levels of the health care program;

3 (B) addresses the physical, mental, and
4 psychosocial health needs of the consumer and
5 the family; and

6 (C) promotes multidisciplinary collabora-
7 tion in the delivery of services;

8 (10) a health care program that reflects the de-
9 mographic and sociocultural diversity and needs of
10 the community;

11 (11) professional standards linked to perform-
12 ance for all health care providers that ensure the de-
13 livery of high-quality health care services and ac-
14 countability to both health care providers and con-
15 sumers;

16 (12) special resources to address the medical,
17 mental, and social health needs of medically under-
18 served populations and health professional shortage
19 areas;

20 (13) education and training programs for pro-
21 fessional, allied, and paraprofessional personnel in
22 health professional shortage areas, and the assur-
23 ance that the programs offer equal access to minori-
24 ties and women;

(14) continued commitment to and strengthening of basic public health functions to provide for a safe environment, control of infectious diseases, and promotion of a healthy lifestyle and behavior;

(15) support of research efforts that will—

(A) enhance the physical, mental, and social well-being of major segments of society;

(B) improve the delivery of cost-conscious, quality health care services; and

(C) enable health care providers and consumers to make more informed decisions; and

(16) continued commitment to basic biomedical and comprehensive mental health research.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) **ADMINISTRATION.**—The term “Administration” means the National Health Care Administration, established in section 401(a).

(2) **ADMINISTRATOR.**—The term “Administrator” means the Administrator of the Administration, appointed under section 401(b)(1).

(3) **BOARD.**—The term “Board” means the National Health Board, established in section 402.

(4) **CONSUMER.**—The term “consumer” means an eligible individual who receives covered services.

1 (5) COVERED SERVICE.—The term “covered
2 service” means a service described in section 201,
3 provided under a State program.

4 (6) ELIGIBLE INDIVIDUAL.—The term “eligible
5 individual” means an individual who is eligible—

6 (A) for enrollment, as described in section
7 103; and

8 (B) with respect to a covered service, to re-
9 ceive the service, as described in section 204.

10 (7) HEALTH CARE FACILITY.—The term
11 “health care facility” means a facility entitled under
12 the law of a State to provide covered services.

13 (8) HEALTH CARE PROVIDER.—The term
14 “health care provider” means a person entitled
15 under the law of a State to provide covered services,
16 and a health care facility.

17 (9) HEALTH PROFESSIONAL SHORTAGE
18 AREA.—The term “health professional shortage
19 area” has the meaning given the term in section
20 332(a)(1) of the Public Health Service Act (42
21 U.S.C. 254e(a)(1)).

22 (10) INTEGRATED HEALTH SERVICE PLAN.—
23 The term “Integrated Health Service Plan” means
24 a nonprofit, consumer-controlled, health plan that—

25 (A) provides all covered services; and

1 (B) operates as a single organization in the
2 health care facilities of the organization.

3 (11) LOCAL PLANNING AREA.—The term “local
4 planning area” means an area designated under sec-
5 tion 412.

6 (12) MEDICALLY UNDERSERVED POPU-
7 LATION.—The term “medically underserved popu-
8 lation” has the meaning given the term in section
9 330(b)(3) of the Public Health Service Act (42
10 U.S.C. 254c(b)(3)).

11 (13) NATIONAL HEALTH CARE DATA BASE.—
12 The term “national health care data base” means
13 the data base established in section 401(h).

14 (14) NATIONAL HEALTH CARE PROGRAM.—The
15 term “national health care program” means the pro-
16 gram established in section 101.

17 (15) NURSING FACILITY.—The term “nursing
18 facility” has the meaning given the term in section
19 1919(a) of the Social Security Act (42 U.S.C.
20 1396r(a)).

21 (16) STATE.—The term “State” includes the
22 District of Columbia, the Commonwealth of Puerto
23 Rico, the United States Virgin Islands, Guam,
24 American Samoa, and the Commonwealth of the
25 Northern Mariana Islands.

1 (17) STATE AGENCY.—The term “State agen-
2 cy” means an agency designated under section 411.

3 (18) STATE PROGRAM.—The term “State pro-
4 gram” means a program approved under section
5 102.

6 (19) TRUST FUND.—The term “Trust Fund”
7 means, except as otherwise specifically provided, the
8 fund established in section 324.

9 **TITLE I—NATIONAL HEALTH** 10 **CARE PROGRAM**

11 **SEC. 101. ESTABLISHMENT.**

12 The Administrator shall establish and carry out a na-
13 tional health care program in accordance with this Act.
14 In carrying out the national health care program, the Ad-
15 ministrator shall make payments under section 302 to as-
16 sist the States in establishing and carrying out State pro-
17 grams that provide covered services to eligible individuals.

18 **SEC. 102. APPROVAL OF STATE PROGRAMS.**

19 (a) IN GENERAL.—The Administrator shall provide
20 for the review, and approval or disapproval, of programs
21 as State programs under this Act.

22 (b) APPLICATION.—For purposes of obtaining the ap-
23 proval described in subsection (a), a State agency shall
24 submit an application to the Administrator at such time,
25 in such manner, and containing such information as the

1 Administrator may require, including a State plan that
2 contains information describing a State program for pro-
3 viding covered services to eligible individuals in the State.

4 At a minimum, the plan shall specify—

5 (1) procedures for enrollment of individuals de-
6 scribed in subsection (a) or (b) of section 103 in the
7 State program in accordance with this title;

8 (2) covered services to be provided by the State
9 program in accordance with subtitle A of title II, in-
10 cluding a description of the manner in which each
11 health care provider shall provide care coordination
12 services;

13 (3) requirements for provision of covered serv-
14 ices in the State program in accordance with subtitle
15 B of title II;

16 (4) procedures for establishing an exchange
17 program in accordance with section 303;

18 (5) procedures for making payments to health
19 care providers in accordance with subtitle B of title
20 III;

21 (6) sources of State revenues for the State pro-
22 gram, and cost-sharing procedures, in accordance
23 with sections 322 and 323, respectively;

1 (7) an assurance that the State will comply
2 with the State administrative and planning require-
3 ments set forth in subtitle B of title IV;

4 (8) an assurance that the State program will
5 reflect the demographic and sociocultural diversity
6 and needs of the communities with the State; and

7 (9) an assurance that the State agency shall
8 annually prepare and submit to the Administrator a
9 report concerning the operation of the State pro-
10 gram.

11 (c) NOTIFICATION OF APPROVAL.—Not later than 90
12 days after the date the State agency submits the plan de-
13 scribed in subsection (b) the Administrator shall notify the
14 State agency of the decision of the Administration approv-
15 ing or disapproving the State plan.

16 (d) ENFORCEMENT.—

17 (1) MONITORING.—The Administration shall
18 monitor the compliance of State programs with the
19 applicable requirements of this Act, including the
20 provisions specified in subsection (b).

21 (2) RECORDS.—Each State program shall
22 maintain such records regarding the implementation
23 of the State program as the Administrator may by
24 regulation require.

1 (3) ACCESS.—Any officer, employee, or rep-
2 representative of a State program shall, upon request of
3 an officer, employee, or representative of the Admin-
4 istration, duly designated by the Administrator, fur-
5 nish information relating to the implementation of
6 the State program and permit the officer, employee,
7 or representative at all reasonable times to have ac-
8 cess to, and to copy, the records described in para-
9 graph (2).

10 (e) WITHDRAWAL OF APPROVAL.—If the Adminis-
11 trator determines, after notice and opportunity for a hear-
12 ing, that a program that has been previously approved as
13 a State program no longer meets the applicable require-
14 ments of this Act, the Administrator may require correc-
15 tive action or withdraw approval of the program. If the
16 Administrator withdraws approval of a program within a
17 State, the Administrator shall, by grant or contract, carry
18 out a program that provides covered services to eligible
19 individuals in accordance with the requirements, within
20 the State served by the State program.

21 **SEC. 103. ELIGIBILITY FOR ENROLLMENT.**

22 (a) IN GENERAL.—An individual shall be eligible to
23 enroll in the national health care program for covered
24 services under a State program, if the individual—

1 (1) maintains a primary residence in the State;
2 and

3 (2) is—

4 (A) a citizen of the United States;

5 (B) a national of the United States;

6 (C) a lawful resident alien of the United
7 States; or

8 (D) an alien nonimmigrant made eligible
9 under subsection (b).

10 (b) ALIEN NONIMMIGRANTS.—

11 (1) IN GENERAL.—The Administration may
12 make eligible to enroll in the national health care
13 program, as described in subsection (a), individuals
14 within such classes of aliens admitted to the United
15 States as nonimmigrants as the Administrator may
16 provide in regulations prescribed under section
17 401(e)(1)(A).

18 (2) CONSIDERATIONS.—In providing for eligi-
19 bility under paragraph (1), the Administration shall
20 consider reciprocity in health care services offered to
21 United States citizens who are nonimmigrants to
22 other foreign states, and such other factors as the
23 Administration determines to be appropriate.

24 (c) NONDISCRIMINATION.—

1 (1) IN GENERAL.—Any State that receives as-
2 sistance under this Act shall not discriminate in the
3 enrollment of individuals eligible for enrollment
4 under subsection (a) or (b) in the plan on the basis
5 of race, color, religion, sex, national origin (except in
6 accordance with regulations promulgated under sub-
7 section (b)(1)), age, health condition, sexual pref-
8 erence, income, language, or geographic residence in
9 an urban or a rural area within the State.

10 (2) RULES AND REGULATIONS.—

11 (A) IN GENERAL.—In carrying out this
12 section, a State agency shall implement eligi-
13 bility procedures in accordance with regulations
14 prescribed under section 401(e)(1)(A).

15 (B) ENFORCEMENT.—The Administrator
16 shall promulgate rules and regulations to pro-
17 vide for the enforcement of this section, includ-
18 ing provisions for summary suspension of as-
19 sistance for not more than 30 days, on an
20 emergency basis, until the Administration can
21 provide notice and an opportunity to be heard.

22 (d) DEFINITION.—As used in this section, the term
23 “lawful resident alien” means an alien lawfully admitted
24 for permanent residence and any other alien lawfully re-
25 siding permanently in the United States under color of

1 law, including an alien granted asylum or with lawful tem-
2 porary status under section 210, 210A, or 245A of the
3 Immigration and Nationality Act (8 U.S.C. 1160, 1161,
4 or 1255a).

5 **SEC. 104. ENROLLMENT.**

6 (a) ENROLLMENT PROCESS.—In order to be eligible
7 to receive a payment under section 302, each State pro-
8 gram shall provide a mechanism, in accordance with regu-
9 lations prescribed under section 401(e)(1)(B), for the en-
10 rollment of individuals described in subsection (a) or (b)
11 of section 103 in the national health care program.

12 (b) LOCATION.—Enrollment may occur at offices of
13 the State program and other locations specified by the
14 State agency.

15 (c) AUTOMATIC ENROLLMENT.—The mechanism
16 under subsection (a) shall include a process for the auto-
17 matic enrollment of individuals at the time of birth in the
18 United States or at the time of immigration into the Unit-
19 ed States or other acquisition of lawful resident status in
20 a State. Such mechanism shall also provide for the enroll-
21 ment of eligible individuals as of January 1, 1995.

22 (d) ISSUANCE OF CARD.—On enrollment of an indi-
23 vidual in the national health care program, the State pro-
24 gram shall issue the individual a card that may be used

1 for purposes of identification and processing of claims for
2 covered services.

3 **SEC. 105. PORTABILITY.**

4 (a) REIMBURSEMENT.—Each State program shall, in
5 accordance with regulations issued by the Administrator,
6 include procedures for portability of coverage and reim-
7 bursement for individuals who are enrolled in the State
8 program and require a covered service in another State
9 or country.

10 (b) ENROLLMENT IN OTHER STATE PROGRAMS.—
11 Each State agency shall agree to provide covered services,
12 under such conditions as the Administrator shall by regu-
13 lation specify, to individuals enrolled in other State pro-
14 grams.

15 (c) REQUIREMENTS.—Each State program—

16 (1) shall not impose any minimum period of
17 residence in the State, or waiting period, in excess
18 of 3 months before residents of the State are eligible
19 for or entitled to covered services; and

20 (2) shall provide for, and be administered and
21 operated, so as to provide for the payments of
22 amounts for the cost of covered services provided to
23 enrolled persons while temporarily absent from the
24 State on the basis that—

1 (A) if covered services are provided within
2 another State with a State program, payment
3 for covered services shall be at the rate that is
4 approved by the State program in the State in
5 which the services are provided, unless the
6 States concerned agree to apportion the cost be-
7 tween the States in a different manner; and

8 (B) if the covered services are provided out
9 of the United States, or in a State that does
10 not have a State program, payment shall be
11 made on the basis of the amount that would
12 have been paid by the State in which the en-
13 rolled persons reside for similar services ren-
14 dered in the State, with due regard, in the case
15 of hospital services, to the size of the hospital,
16 standards of service, and other relevant factors.

17 (d) PRIOR CONSENT FOR SERVICES PROVIDED TO
18 TEMPORARILY ABSENT RESIDENTS PERMITTED.—Not-
19 withstanding any other provision of this section, a State
20 program may require that the prior consent of the State
21 program be obtained for elective insured health services
22 provided to a resident of the State while temporarily ab-
23 sent from the State if the services in question are available
24 on a substantially similar basis in the State.

1 (e) DEFINITION.—For the purposes of this section,
 2 the term “elective insured health services” means covered
 3 services other than services that are provided in an emer-
 4 gency or in any other circumstance in which health care
 5 services are required without delay.

6 **TITLE II—BENEFITS AND**
 7 **PROVISION OF SERVICES**
 8 **Subtitle A—Scope of Services**

9 **SEC. 201. COVERED SERVICES.**

10 (a) IN GENERAL.—The covered services provided
 11 under this Act by the national health care program are
 12 all medically necessary services, and any benefit or service
 13 described in section 909 of the Civil Rights Restoration
 14 Act of 1987 (42 U.S.C. 1688), except as provided in sec-
 15 tion 202, that contribute to the physical, mental, or
 16 psychosocial health of an individual or family, as deter-
 17 mined in accordance with regulations prescribed under
 18 section 401(e)(1)(C), including—

- 19 (1) primary prevention and health promotion
- 20 services;
- 21 (2) primary care services;
- 22 (3) inpatient services, including discharge plan-
- 23 ning, social services, and emergency and trauma
- 24 services;

- 1 (4) outpatient hospital services, including emer-
- 2 gency and trauma services;
- 3 (5) laboratory and radiology services;
- 4 (6) care coordination services;
- 5 (7) rehabilitation services;
- 6 (8) mental health services;
- 7 (9) substance abuse treatment and rehabilita-
- 8 tion services;
- 9 (10) long-term care services provided in accord-
- 10 ance with section 213(c);
- 11 (11) hospice care services;
- 12 (12) provision of—
- 13 (A) prescription drugs and biologicals that
- 14 are listed in accordance with section 315 and
- 15 prescribed by a health care provider;
- 16 (B) such drugs, other than drugs described
- 17 in subparagraph (A), as are determined by a
- 18 health care provider to be medically necessary;
- 19 (C) durable medical equipment, and thera-
- 20 peutic devices and equipment (including eye-
- 21 glasses, hearing aids, and prosthetic appli-
- 22 ances), that are listed in accordance with sec-
- 23 tion 316 and prescribed by a health care pro-
- 24 vider; and

1 (D) such medical supplies, other than de-
2 vices and equipment described in subparagraph
3 (C), as are determined by a health care pro-
4 vider to be medically necessary;
5 (13) dental care services;
6 (14) hearing and speech services;
7 (15) vision care services;
8 (16) occupational health services;
9 (17) organ transplant services; and
10 (18) other inpatient and outpatient professional
11 services.

12 (b) DEFINITIONS.—As used in this title:

13 (1) CARE COORDINATION SERVICES.—The term
14 “care coordination services” means services that—

15 (A) are provided through an individual
16 health care provider or a multidisciplinary team
17 of health care providers, including physicians,
18 nurses, social workers, and other nonphysician
19 health care providers; and

20 (B)(i) promote physical, mental, and
21 psychosocial health maintenance;

22 (ii) provide for the coordination and mon-
23 itoring of health care services for consumers, as
24 well as maintenance of appropriate records; and

1 (iii) provide transition management from
2 inpatient facilities to other needed community-
3 based care services.

4 (2) DENTAL CARE SERVICES.—The term “den-
5 tal care services” means all medically necessary pre-
6 ventive and curative dental care and routine dental
7 examinations, provided as frequently as the Adminis-
8 trator shall by regulation specify for consumers
9 within specified age groups.

10 (3) HEARING AND SPEECH SERVICES.—The
11 term “hearing and speech services” means all medi-
12 cally necessary screening, treatment, and provision
13 of devices, relating to promotion of hearing and
14 speech.

15 (4) HOSPICE CARE SERVICES.—The term “hos-
16 pice care services” means—

17 (A) hospice care, as defined in section
18 1861(dd)(1) of the Social Security Act (42
19 U.S.C. 1395x(dd)(1))—

20 (i) whether provided in the home,
21 through community-based services, or on
22 an inpatient basis; and

23 (ii) except that the reference to “med-
24 ical social services” in subparagraph (C) of

1 such section is deemed a reference to
2 “medical social work services”; and

3 (B) counseling services, including bereave-
4 ment counseling.

5 (5) LONG-TERM CARE COORDINATION SERV-
6 ICES.—The term “long-term care coordination serv-
7 ices” means ongoing services that—

8 (A) provide entry to and management of
9 long-term care services and covered services for
10 individuals described in section 204(1); and

11 (B) ensure—

12 (i) effective, cost-efficient, and coordi-
13 nated delivery of such services to a
14 consumer; and

15 (ii) comprehensive, continuous, and
16 coordinated care that meets the physical,
17 mental, and psychosocial health needs of
18 such individuals.

19 (6) LONG-TERM CARE SERVICES.—The term
20 “long-term care services” means items and services
21 provided to individuals described in section 204(1)
22 under a written plan of care through home and com-
23 munity-based care programs and nursing facilities
24 and constitutes—

25 (A) long-term care coordination services;

1 (B) information and referral services;

2 (C) skilled and intermediate nursing home
3 services;

4 (D) day treatment or partial hospitaliza-
5 tion;

6 (E) nursing care;

7 (F) services of a homemaker or home
8 health aide, personal care services, and heavy
9 chore services;

10 (G) social work services;

11 (H) physical, occupational, speech, and any
12 other appropriate therapy services;

13 (I) day health care services and social day
14 care;

15 (J) respite care for caregivers;

16 (K) consumer and health care provider
17 education, training, and counseling, regarding
18 health care services;

19 (L) medical, skilled nursing, and social
20 support services, for residents of foster care
21 programs, board and care facilities, and other
22 assisted living programs;

23 (M) medical supplies and minor remodeling
24 changes to the home required by a health condi-
25 tion;

- 1 (N) Meals on Wheels;
- 2 (O) nutrition and dietary counseling;
- 3 (P) assisted transportation;
- 4 (Q) emergency alarm response systems;
- 5 (R) coverage of health care needs of people
- 6 with chronic illnesses;
- 7 (S) coverage of acute health care, if re-
- 8 quired, in a hospital, nursing facility, rehabilita-
- 9 tion facility, or other inpatient or outpatient fa-
- 10 cility; and
- 11 (T) home and community-based services to
- 12 assist people recovering from illness, disease, or
- 13 injury.
- 14 (7) MENTAL HEALTH SERVICES.—The term
- 15 “mental health services” means services related to
- 16 the diagnosis and treatment of mental illnesses and
- 17 the promotion of mental health, including—
- 18 (A) inpatient services, including services
- 19 provided at hospitals and other inpatient facili-
- 20 ties, such as residential treatment centers;
- 21 (B) partial hospitalization and other types
- 22 of day programs;
- 23 (C) crisis intervention;

1 (D) outpatient services, with particular
2 emphasis on outpatient services for children
3 and adolescents, provided through—

4 (i) community-based health care facili-
5 ties and systems; or

6 (ii) autonomous health care providers,
7 including psychiatrists, clinical psycholo-
8 gists, clinical social workers, psychiatric
9 nurse specialists, or such other qualified
10 health care providers as the Administrator
11 shall by regulation specify; and

12 (E) community-based residential programs,
13 particularly programs that prepare individuals
14 for independent living.

15 (8) OCCUPATIONAL HEALTH SERVICES.—The
16 term “occupational health services” means—

17 (A) prevention and health promotion ac-
18 tivities to be carried out in high risk workplaces
19 and workplaces with sizable work forces; and

20 (B) specific health monitoring activities to
21 be carried out in workplaces that are deter-
22 mined, in consultation with the Occupational
23 Safety and Health Administration, by the Fed-
24 eral Government to pose a significant threat to
25 the health and safety of the workers.

1 (9) ORGAN TRANSPLANT SERVICES.—The term
2 “organ transplant services” means organ transplants
3 for which screening indicates a likelihood of signifi-
4 cant and sustained improvement in the quality of life
5 of the consumer.

6 (10) PRIMARY CARE SERVICES.—The term
7 “primary care services” means services provided by
8 a health care provider that provide—

9 (A) comprehensive services focused on the
10 maintenance of physical, mental and
11 psychosocial health; and

12 (B) care coordination services.

13 (11) PRIMARY PREVENTION AND HEALTH PRO-
14 MOTION SERVICES.—The term “primary prevention
15 and health promotion services” means—

16 (A) comprehensive well-child care services,
17 including health education services, for consum-
18 ers below age 22, including immunizations and
19 early, routine assessment, diagnosis, and treat-
20 ment, that—

21 (i) help to ensure prevention of dis-
22 ease and early identification before the
23 onset of illness;

24 (ii) assess a wide array of health con-
25 ditions;

1 (iii) provide diagnosis and evaluation
2 of suspected health, mental health, or de-
3 velopmental problems; and

4 (iv) provide parent and caregiver
5 training as appropriate and necessary to
6 support child health and developmental
7 services for high-risk children;

8 (B) perinatal and infant health care serv-
9 ices, including prenatal care and follow-up for a
10 mother and an infant through the first year of
11 the life of the infant;

12 (C) routine, age-appropriate, clinical health
13 maintenance examinations for consumers age
14 22 and older;

15 (D) comprehensive family planning and re-
16 productive health care services;

17 (E) school-based primary prevention and
18 health promotion programs, which may include
19 school-based clinics, mobile programs, or sat-
20 ellite clinics serving several schools in close
21 proximity; and

22 (F) home visiting services to provide en-
23 hanced risk-appropriate maternal and child
24 health assessment, education, and support.

1 (12) PROFESSIONAL SERVICES.—The term
2 “professional services” means services of physicians,
3 registered nurses, nurse practitioners, nutritionists,
4 podiatrists, physician’s assistants, psychologists, so-
5 cial workers, nurse midwives, dietitians, and phys-
6 ical, speech, occupational, and respiratory therapists,
7 and such other health care providers as the Adminis-
8 trator shall approve.

9 (13) REHABILITATION SERVICES.—The term
10 “rehabilitation services” means, except as used with-
11 in the term “substance abuse treatment and reha-
12 bilitation services”—

13 (A) physical therapy, occupational therapy,
14 speech-language therapy, pathology, and audi-
15 ology, provided by autonomous health care pro-
16 viders or by health care facilities;

17 (B) social work services;

18 (C) provision of medical appliances, includ-
19 ing prosthetic devices;

20 (D) community-based residential programs
21 for the disabled, including group homes that
22 prepare consumers for independent living; and

23 (E) such additional services as the Admin-
24 istrator may determine, after consultation with
25 appropriate State review boards, to be nec-

1 essary to address special cases or cir-
2 cumstances,
3 provided on an inpatient or outpatient basis.

4 (14) SUBSTANCE ABUSE TREATMENT AND RE-
5 HABILITATION SERVICES.—The term “substance
6 abuse treatment and rehabilitation programs” means
7 services to promote recovery from substance abuse,
8 including—

9 (A) inpatient and outpatient hospital serv-
10 ices;

11 (B) partial hospitalization and other types
12 of day programs;

13 (C) crisis intervention;

14 (D) residential treatment or rehabilitation
15 programs certified under Federal regulation;

16 (E) outpatient substance abuse treatment
17 services provided through—

18 (i) community-based health care facili-
19 ties and treatment programs; or

20 (ii) autonomous health care providers,
21 including psychiatrists, clinical psycholo-
22 gists, clinical social workers, psychiatric
23 nurse specialists, and such other qualified
24 health care providers as the Administrator
25 shall by regulation specify; and

1 (F) community-based residential programs,
2 particularly programs that prepare individuals
3 for independent living.

4 (15) VISION CARE SERVICES.—The term “vi-
5 sion care services” means—

6 (A) routine eye examinations, provided as
7 frequently as the Administrator shall by regula-
8 tion specify for consumers within specified age
9 groups;

10 (B) provision of glasses and contact lenses,
11 as frequently as the Administrator shall by reg-
12 ulation specify; and

13 (C) all medically necessary vision treat-
14 ment.

15 **SEC. 202. EXCLUSIONS.**

16 Covered services do not include—

17 (1) cosmetic surgery, except medically necessary
18 reconstructive surgery;

19 (2) cosmetic orthodontics;

20 (3) such amenities in inpatient facilities as the
21 Administrator shall by regulation specify, such as
22 private rooms, unless the amenities are medically
23 necessary;

24 (4) medical examinations and medical reports
25 required for purchasing or renewing life insurance

1 policies, or as part of a civil action for the recovery
2 of settlement or damages; or

3 (5) any service that a health care provider de-
4 termines not to be medically necessary.

5 **SEC. 203. PROHIBITIONS ON LIMITATIONS.**

6 A State program may not limit the covered services
7 provided to a consumer on the basis of a health condition
8 of the individual that existed on the date of the enrollment
9 of the consumer in the national health care program for
10 services under the State program.

11 **SEC. 204. ELIGIBILITY.**

12 Persons enrolled under section 104 who are eligible
13 for covered services shall include—

14 (1) with respect to long-term care services, indi-
15 viduals—

16 (A) over 18 years of age determined (in a
17 manner specified by the Secretary)—

18 (i) to be unable to perform, without
19 the assistance of an individual, at least 2
20 of the following 5 activities of daily living
21 (or who has a similar level of disability due
22 to cognitive impairment)—

23 (I) bathing;

24 (II) eating;

25 (III) dressing;

- 1 (IV) toileting; and
2 (V) transferring in and out of a
3 bed or in and out of a chair; or
4 (ii) due to cognitive or mental impair-
5 ments, requires supervision because the in-
6 dividual behaves in a manner that poses
7 health or safety hazards to the individual
8 or others; or
9 (B) under 19 years of age determined (in
10 a manner specified by the Secretary) to meet
11 such alternative standard of disability for chil-
12 dren as the Secretary develops;
13 (2) with respect to hospice care services, termi-
14 nally ill individuals, regardless of the cause of ill-
15 ness;
16 (3) with respect to services to be provided in
17 schools, workplaces, and assisted living programs,
18 such individuals as may be specified in the State
19 plan described in section 102(b); and
20 (4) with respect to covered services not de-
21 scribed in paragraphs (1) through (3), all individ-
22 uals.

23 **SEC. 205. ADDITIONAL AND DUPLICATE SERVICES.**

24 (a) **ADDITIONAL SERVICES.**—

1 (1) CONSTRUCTION.—Except as provided in
2 section 202, nothing in this Act shall be construed
3 as limiting the health care services that a State pro-
4 gram may provide.

5 (2) STATE FINANCING OF ADDITIONAL SERV-
6 ICES.—There shall be no Federal financing available
7 under this Act for health care services other than
8 covered services.

9 (b) COVERAGE OF SERVICES.—

10 (1) PROHIBITION ON DUPLICATE PRIVATE IN-
11 SURANCE.—No person may sell private insurance
12 that provides coverage for health care services that
13 duplicate covered services.

14 (2) COVERAGE OF ADDITIONAL BENEFITS.—
15 Nothing in this Act shall be construed as prohibiting
16 the sale of private insurance that provides health
17 care services other than covered services.

18 (c) PRIVATE CARE.—

19 (1) ARRANGEMENTS.—Except as provided in
20 paragraph (2), nothing in this Act shall be construed
21 as prohibiting arrangements between a health care
22 provider and an individual for the provision of cov-
23 ered services.

1 (2) LIMITATION.—Arrangements described in
2 paragraph (1) shall provide for acceptance of pay-
3 ment as described in section 311(b)(1).

4 **Subtitle B—Provision of Services**

5 **SEC. 211. HEALTH CARE PROVIDERS.**

6 (a) CERTIFICATION AND LICENSING.—State pro-
7 grams shall include procedures for certification and licens-
8 ing of health care providers participating in the national
9 health care program in accordance with regulations pre-
10 scribed under section 401(e)(1)(H) and other applicable
11 Federal and State law.

12 (b) QUALITY ASSURANCE AND CONSUMER PROTEC-
13 TION STANDARDS.—State agencies shall regulate the
14 health care providers, and shall ensure compliance with
15 quality assurance standards prescribed under section
16 401(e)(1)(G), consumer protection standards prescribed
17 under section 401(e)(1)(I), and other applicable Federal
18 and State law.

19 (c) ENFORCEMENT.—A State agency that deter-
20 mines, after notice and an opportunity for a hearing, that
21 a health care provider has repeatedly violated the quality
22 assurance standards, or has been convicted of an offense
23 involving medical malpractice, shall debar the provider
24 from receiving payment under the State program. The
25 State agency shall develop appropriate procedures for de-

1 terminating the length of the debarment and for terminating
2 a debarment in an appropriate case.

3 **SEC. 212. DELIVERY SYSTEMS.**

4 (a) INNOVATIVE DELIVERY SYSTEMS.—State pro-
5 grams may implement innovative delivery systems of cov-
6 ered services, including private health services, State-oper-
7 ated health services, and Integrated Health Service Plans,
8 to provide covered services.

9 (b) INTEGRATED HEALTH SERVICE PLANS.—

10 (1) IN GENERAL.—Each State agency shall pro-
11 vide for the review, and approval or disapproval, of
12 health plans as Integrated Health Service Plans in
13 the State for purposes of this Act.

14 (2) APPLICATION.—For purposes of obtaining
15 the approval described in paragraph (1), an entity
16 shall submit an application to the head of the State
17 agency at such time, in such manner, and containing
18 such information as the head of the State agency
19 may require.

20 (3) NOTIFICATION OF APPROVAL.—Not later
21 than 60 days after the date the entity submits the
22 application described in paragraph (2), the head of
23 the State agency shall notify the entity of the deci-
24 sion of the State agency approving or disapproving
25 the plan.

1 (4) WITHDRAWAL OF APPROVAL.—If the head
 2 of the State agency determines, after notice and an
 3 opportunity for a hearing, that a health plan that
 4 has been previously approved as an Integrated
 5 Health Service Plan no longer meets the applicable
 6 requirements of this Act, the head of the State agen-
 7 cy shall withdraw approval of the plan and shall, in
 8 accordance with regulations prescribed under section
 9 401(e)(1)(B), provide a procedure under which indi-
 10 viduals enrolled in the plan may be enrolled in other
 11 Integrated Health Service Plans.

12 **SEC. 213. STATE LONG-TERM CARE COORDINATION AGEN-**
 13 **CIES.**

14 (a) ESTABLISHMENT.—State agencies shall establish
 15 State long-term care coordination agencies, to ensure a
 16 continuum of care for every individual described in section
 17 204(1).

18 (b) SERVICES.—Services provided through the agen-
 19 cies shall include—

20 (1) services of certified public or nonprofit co-
 21 ordination agencies, provided through qualified pro-
 22 fessionals that meet such professional standards as
 23 the Administrator shall prescribe under section
 24 401(e)(1)(H), to serve as resources for health care

1 facilities, physicians, and other health care provid-
2 ers; and

3 (2) long-term care coordination services as an
4 integral part of long-term care services, as described
5 in subsection (c), and of home and community-based
6 benefits.

7 (c) LONG-TERM CARE SERVICES.—

8 (1) IN GENERAL.—State long-term care coordi-
9 nation agencies shall be responsible for screening all
10 potential recipients of long-term care services and
11 authorizing needed services.

12 (2) REQUIREMENTS.—State long-term care co-
13 ordination agencies shall provide services in accord-
14 ance with the following requirements:

15 (A) SETTING AND LEVEL OF CARE.—The
16 setting and level of care to be provided to per-
17 sons needing long-term care services shall be
18 based on an assessment of the severity of cog-
19 nitive impairment, inability to perform specified
20 activities of daily living (as well as certain func-
21 tional tasks), the level of disability, the need for
22 regular ongoing care, behavioral and emotional
23 problems, and the ability of family caregivers to
24 care for persons in need.

1 (B) COORDINATION.—Long-term care
2 services shall be coordinated with the provision
3 of acute health care and other health care and
4 mental health services if needed.

5 (C) REQUESTS.—All requests for services
6 shall be processed in a timely manner.

7 (D) INTENSITY.—The intensity of care co-
8 ordination provided under this subsection shall
9 depend on the severity of need and the level of
10 services required to meet the needs.

11 (E) OUTPATIENT EMPHASIS.—The agency
12 shall place priority on maintaining consumers in
13 their homes (with the necessary supports) or in
14 community-based residential programs rather
15 than inpatient facilities and nursing homes.

16 (F) EMERGENCY SITUATIONS.—The agen-
17 cy shall make provisions to respond to emer-
18 gency situations, including first-time requests
19 and consumers who are receiving ongoing serv-
20 ices and who have a sudden change of status or
21 condition.

22 (G) COST-EFFICIENT APPROACHES.—
23 States shall have the flexibility to develop cost-
24 efficient approaches to respond to requests for
25 limited home and community-based services.

1 (H) COORDINATION.—State long-term care
2 coordination agencies shall ensure coordination
3 and continuity of care between service levels
4 and different settings if applicable, which in-
5 cludes the ability to respond to crisis situations.

6 (I) QUALIFICATION STANDARDS.—Care co-
7 ordination provided under this subsection shall
8 meet defined qualification standards.

9 (J) OTHER HEALTH CARE DISCIPLINES.—
10 Care coordinators shall utilize the services of
11 other health care disciplines, and interdiscipli-
12 nary teams if appropriate.

13 (K) CONSUMER INVOLVEMENT.—Consum-
14 ers shall, to the extent the consumers are able,
15 be involved in all decisions regarding long-term
16 care services. Family or caregiver involvement
17 shall occur if appropriate.

18 (3) CONTRACTS AND AGREEMENTS.—

19 (A) IN GENERAL.—State long-term care
20 coordination agencies shall, with respect to the
21 geographic area served by the agencies—

22 (i) enter into contracts or agreements
23 with providers of long-term care services;
24 and

1 (ii) authorize and disburse all funds
2 for long-term care services.

3 (B) CRITERIA.—The contracts or agree-
4 ments shall require performance criteria in ac-
5 cordance with Federal guidelines. Criteria shall
6 address such issues as certification and licen-
7 sure of the health care provider, expected level
8 of service, staff qualifications, supervision, role
9 of the long-term care coordination agency,
10 rights of the consumer and health care provid-
11 ers, and provisions for necessary changes in
12 level of care.

13 (4) INDEPENDENCE.—State long-term care co-
14 ordination agencies shall be independent from any
15 providers of long-term care services.

16 **SEC. 214. INCORPORATION OF MISCELLANEOUS MEDI-**
17 **CARE-RELATED PROVISIONS.**

18 (a) PROVISIONS IN TITLE XVIII.—Except as other-
19 wise specifically provided in this Act, the following provi-
20 sions of the Social Security Act shall apply to this Act
21 in the same manner as the provisions applied to title
22 XVIII of the Social Security Act as of the day before the
23 date of the enactment of this Act:

24 (1) Section 1819 (relating to requirements for,
25 and assuring quality of care in, skilled nursing facili-

1 ties), except that any reference in the section to a
2 “skilled nursing facility” is deemed a reference to a
3 “nursing facility”.

4 (2) Section 1846 (relating to intermediate sanc-
5 tions for providers of clinical diagnostic laboratory
6 tests).

7 (3) Sections 1863 through 1865 (relating to
8 consultation with State agencies and other organiza-
9 tions to develop conditions of participation for pro-
10 viders of services, use of State agencies to determine
11 compliance by providers of services with conditions
12 of participation, and effect of accreditation).

13 (4)(A) Subject to subparagraph (B), section
14 1866 (relating to agreements with providers of serv-
15 ices).

16 (B)(i) The provisions of section 1866(a)(1)(N)
17 shall not apply.

18 (ii) Under section 1866(a)(2), a health care
19 provider may not impose any charge for covered
20 services under this Act.

21 (iii) In the case of a hospital, the provider
22 agreement under section 1866 shall prohibit a hos-
23 pital from denying care to any eligible individual on
24 any ground other than the hospital’s inability to pro-
25 vide the care required.

1 (5) Section 1867 (relating to examination and
2 treatment for emergency medical conditions and
3 women in labor).

4 (6) Section 1869 (relating to determinations
5 and appeals).

6 (7) Section 1870 (relating to overpayment on
7 behalf of individuals and settlement of claims for
8 covered services on behalf of deceased individuals).

9 (8) Sections 1871 through 1874 (relating to
10 regulations, application of certain provisions of title
11 II of the Social Security Act, designation of organi-
12 zation or publication by name, and administration).

13 (9)(A) Subject to subparagraph (B), section
14 1876 (relating to payments to health maintenance
15 organizations and competitive medical plans) shall
16 apply to eligible individuals under this Act in the
17 same manner as it applies to individuals entitled to
18 benefits under part A, and enrolled under part B, of
19 title XVIII of the Social Security Act.

20 (B) In applying section 1876 under this Act—

21 (i) the provisions of such section relating
22 only to individuals enrolled under part B of title
23 XVIII of the Social Security Act shall not
24 apply;

1 (ii) subject to subparagraph (C), any ref-
2 erence to a Trust Fund established under title
3 XVIII of such Act and to benefits under such
4 title is deemed a reference to the National
5 Health Care Trust Fund and to covered serv-
6 ices under this Act;

7 (iii) subject to subparagraph (C), the ad-
8 justed average per capita cost and adjusted
9 community rate shall be determined on the
10 basis of covered services under this Act; and

11 (iv) subsection (f) shall not apply.

12 (C) For purposes of subparagraph (B), covered
13 services under this Act may, at the option of an eli-
14 gible organization, not include benefits for nursing
15 facility services that are not post-hospital extended
16 care services and benefits for home and community-
17 based services.

18 (10) Section 1877 (relating to limitation on cer-
19 tain physician referrals).

20 (11) Section 1878 (relating to the provider re-
21 imbursement review board), except that the hearings
22 pursuant to such section shall be on the approval of
23 budgets under section 312 rather than the deter-
24 mination of payment amounts under title XVIII of
25 the Social Security Act.

1 (12) Section 1891 (relating to conditions of
2 participation for home health agencies; home health
3 quality).

4 (13) Section 1892 (relating to offset of pay-
5 ments to individuals to collect past-due obligations
6 arising from breach of scholarship and loan con-
7 tract).

8 (b) TITLE XI PROVISIONS.—The following provisions
9 of the Social Security Act shall apply to this Act in the
10 same manner as they applied to title XVIII of the Social
11 Security Act:

12 (1) Sections 1124, 1126, and 1128 through
13 1128B (relating to fraud and abuse).

14 (2) Section 1134 (relating to nonprofit hospital
15 philanthropy).

16 (3) Section 1138 (relating to hospital protocols
17 for organ procurement and standards for organ pro-
18 curement agencies).

19 (4) Section 1142 (relating to research on out-
20 comes of health care services and procedures), ex-
21 cept that any reference in such section to a Trust
22 Fund is deemed a reference to the National Health
23 Care Trust Fund.

1 (5) Part B of title XI of the Social Security Act
2 (relating to peer review of the utilization and quality
3 of health care services).

4 **SEC. 215. NONDISCRIMINATION.**

5 (a) IN GENERAL.—No individual with responsibility
6 for the administration of a State plan that receives assist-
7 ance under this Act shall discriminate in the provision of
8 covered services to eligible individuals on the basis of race,
9 color, religion, sex, national origin, age, health condition,
10 sexual preference, income, language, or geographic resi-
11 dence in an urban or rural area within the State.

12 (b) RULES AND REGULATIONS.—The Administrator
13 shall promulgate rules and regulations to provide for the
14 enforcement of this section, including provisions for sum-
15 mary suspension of assistance for not more than 30 days,
16 on an emergency basis, until the Administration can pro-
17 vide notice and an opportunity to be heard.

18 **TITLE III—REVENUE**

19 **Subtitle A—Budget Process**

20 **SEC. 301. NATIONAL AND STATE HEALTH BUDGETS.**

21 (a) IN GENERAL.—

22 (1) EXPENDITURES AND REVENUES.—For each
23 calendar year the Administrator shall establish a na-
24 tional health budget and, for each State, a State
25 health budget that specifies—

1 (A) the level and application of expendi-
2 tures to be made under this Act in the year in
3 the United States and in the State, respectively;
4 and

5 (B) the amount in and source of revenues
6 of the Trust Fund in such year.

7 (2) BASIS.—Each State health budget estab-
8 lished by the Administrator under this subsection
9 shall—

10 (A) be based on—

11 (i) the population of the State;

12 (ii) reasonable differences in the
13 prices for goods and services;

14 (iii) any special social, environmental,
15 or other condition affecting health condi-
16 tions or the need for health care services;
17 and

18 (iv) the geographic distribution of the
19 population of the State population, includ-
20 ing the proportion of the population resid-
21 ing in rural or health professional shortage
22 areas;

23 (B) be adjusted to account for States—

24 (i) with large populations;

1 (ii) with substantial numbers of resi-
2 dents in age categories that make dis-
3 proportionately greater use of covered serv-
4 ices;

5 (iii) with substantial numbers of resi-
6 dents below the income official poverty
7 line, as defined by the Office of Manage-
8 ment and Budget, and revised annually in
9 accordance with section 673(2) of the Om-
10 nibus Budget Reconciliation Act of 1981
11 (42 U.S.C. 9902(2)); and

12 (iv) whose residents exhibit a high in-
13 cidence of certain health conditions, such
14 as a high incidence of Acquired Immune
15 Deficiency Syndrome or infant mortality;
16 and

17 (C) not disproportionately discriminate
18 against States with substantial rural popu-
19 lations.

20 (b) EXPENDITURE LEVEL.—The total level of ex-
21 penditures to be specified in the national health budget
22 under subsection (a) for a year may not exceed the level
23 of expenditures for covered services under this Act made
24 in the year preceding the effective date of this Act in-
25 creased in a compounded manner for each succeeding year

1 (up to the year involved) by the annual percentage in-
2 crease in the gross national product for the preceding
3 year.

4 (c) INSTITUTIONAL CAPITAL BUDGET.—

5 (1) IN GENERAL.—Each national health budget
6 established under subsection (a) shall include an
7 amount for total expenditures for capital-related
8 items, provide for State capital budgets and specify
9 the general manner in which such expenditures for
10 capital-related items are to be distributed among the
11 different types of health care facilities.

12 (2) FACTORS.—Each State capital budget
13 under this section shall be established based solely
14 on—

15 (A) the factors described in subparagraphs

16 (A) and (C) of subsection (a)(2); and

17 (B) reasonable differences in the prices for
18 goods and services, as such differences affect
19 the prices of the appropriate capital goods.

20 (d) HEALTH TRAINING BUDGET.—Each national
21 health budget established under subsection (a) shall in-
22 clude an amount for total expenditures for direct medical
23 education expenses for institutions receiving payments
24 under section 312. Such budgets shall specify the general
25 manner in which such expenditures are to be taken into

1 account, shall be based on a national plan for training of
 2 medical personnel developed by the Administrator that
 3 shall emphasize training for primary and preventive care,
 4 and shall provide for State budgets for direct medical edu-
 5 cation expenses. Payments under such budgets for such
 6 expenditures shall take into account the method for pay-
 7 ment for direct medical education expenses as described
 8 in section 1886(h) of the Social Security Act.

9 **SEC. 302. PAYMENTS TO STATES.**

10 The Administrator shall make payments from
 11 amounts in the Trust Fund to States with approved State
 12 programs.

13 **SEC. 303. ESTABLISHMENT OF EXCHANGE PROGRAM.**

14 The Administration shall establish a program under
 15 which a State that furnishes covered services to residents
 16 of another State receives credit for payments for the serv-
 17 ices against the amounts to which the other State is other-
 18 wise entitled to receive.

19 **Subtitle B—Payments to Health**
 20 **Care Providers**

21 **SEC. 311. PAYMENTS TO HEALTH CARE PROVIDERS.**

22 (a) IN GENERAL.—Each State program shall provide
 23 for a timely and administratively simple mechanism for
 24 the payment and reimbursement of health care providers
 25 in a manner consistent with this subtitle and in accord-

1 ance with regulations prescribed under section
2 401(e)(1)(E).

3 (b) MANDATORY ASSIGNMENT.—

4 (1) ACCEPTANCE OF PAYMENTS.—Each health
5 care provider that receives funding under the na-
6 tional health care program shall accept the payment
7 amount recognized under the State program for cov-
8 ered services as payment in full for such services,
9 provided to consumers, or to individuals entering
10 into an arrangement described in section 205(c).

11 (2) PROHIBITION ON ADDITIONAL CHARGES.—
12 Health care providers shall only impose charges on
13 consumers—

14 (A) as provided in section 323; or

15 (B) with respect to services that are not
16 covered services.

17 (c) CONTINUUM OF HEALTH CARE SERVICES.—State
18 programs, in order to avoid fragmented care and promote
19 a continuum of health care services, shall develop financial
20 incentives in the payment and reimbursement mechanisms
21 provided under this subtitle.

22 (d) EQUIPMENT AND CONSTRUCTION.—

23 (1) LIMITATIONS.—A State program shall, in
24 accordance with regulations prescribed by the Ad-
25 ministrator—

1 (A) limit acquisition of highly specialized
2 or expensive medical equipment, which shall be
3 carefully regulated to ensure appropriate and
4 equitable utilization and distribution; and

5 (B) eliminate acquisition of expensive,
6 highly specialized equipment by individual phy-
7 sicians and group practices, although the State
8 program may make exceptions in rural health
9 professional shortage areas.

10 (2) APPROVAL.—Approval for construction and
11 renovation funds shall only be considered on the
12 basis of utilization data and within the context of
13 the State planning process under section 412.

14 (e) RURAL AND HEALTH PROFESSIONAL SHORTAGE
15 AREAS.—In establishing the mechanism for payment and
16 reimbursement of health care providers under this sub-
17 title, the State program shall establish schedules and in-
18 centives in a manner that will encourage health care pro-
19 viders to practice or locate in rural and health professional
20 shortage areas.

21 **SEC. 312. PAYMENTS TO INSTITUTIONAL HEALTH CARE**
22 **PROVIDERS.**

23 (a) IN GENERAL.—Except as provided in subsection
24 (c), payment for institutional care, including hospital serv-
25 ices, shall be made in each State on the basis of an annual

1 prospective budgeting system, established by the State
2 consistent with the State health budget established under
3 section 301 and after negotiations with institutional health
4 care providers.

5 (b) HOSPITALS.—

6 (1) BUDGET.—

7 (A) IN GENERAL.—Each hospital shall re-
8 ceive prospectively a global budget. The budget
9 will be developed through annual negotiations
10 between the State agency and the hospital.

11 (B) FACTORS.—In developing the budget,
12 the State agency shall consider the health needs
13 of the area, the past expenditures of the hos-
14 pital, inflation, previous financial and clinical
15 performance (based on utilization data collected
16 through the national health care data base),
17 projected levels of services, technological ad-
18 vances or changes, wages and other costs, pro-
19 posed new programs, type of hospital, and costs
20 associated with meeting Federal and State reg-
21 ulations.

22 (C) ADJUSTMENTS.—End-of-the-year ad-
23 justments may be made to hospital budgets
24 based on unforeseen factors, such as an in-
25 crease or decrease in consumer load.

1 (2) OPERATING EXPENSES.—Global hospital
2 budgets shall be used for operating expenses. Oper-
3 ating expenses shall include replacement of standard
4 equipment and funds to promote innovation in
5 health services. None of the operating budget may
6 be used for physical expansion, profit, marketing, or
7 the purchase of expensive, highly specialized
8 equipment.

9 (3) CAPITAL EXPANSION AND EQUIPMENT.—
10 Separate funds for capital expansion and purchase
11 of expensive equipment shall be subject to approval
12 by the State agency, and consistent with the State
13 capital budgets described in section 301(c)(1).

14 (4) FUNDRAISING.—Under Federal guidelines,
15 hospitals may raise funds from private sources to
16 pay for special services. Such additional funds may
17 not change the operating budget. Any anticipated
18 changes in the operating budget as a result of
19 special services shall be negotiated with the State
20 agency.

21 (5) HEALTH PROFESSIONAL SHORTAGE
22 AREAS.—State programs shall provide subsidies to
23 rural and urban hospitals in health professional
24 shortage areas, including teaching hospitals, to en-
25 sure the viability of the health care facilities.

1 (c) OTHER HEALTH CARE FACILITIES.—

2 (1) DEFINITION.—As used in this subsection,
3 the term “other health care facilities” shall include
4 community clinics, migrant health centers, nursing
5 homes, community-based programs, home health
6 agencies, rehabilitation facilities, renal dialysis facili-
7 ties, birthing centers, and health facilities operated
8 by public health departments.

9 (2) PAYMENT.—States may determine whether
10 other health care facilities shall be paid on the basis
11 of a prospective global budget or per capita fee. Cer-
12 tain services, such as day health care centers, may
13 be reimbursed on a per diem basis. The Administra-
14 tion shall determine whether the States may deter-
15 mine the per capita fee rates, or whether the rates
16 shall be set by the Administration with regional
17 variations.

18 (3) LIMITATIONS.—The same limitations de-
19 scribed in subsection (b) regarding capital expendi-
20 tures and operating expenses for hospitals shall
21 apply to other health care facilities.

22 (4) HEALTH CARE PROVIDERS.—Health care
23 providers employed in other health care facilities
24 shall be salaried. Contractual arrangements shall be

1 permitted for specialists that are not on the staff of
2 such a facility.

3 (5) RURAL FACILITIES.—State programs shall
4 provide special State subsidies for other health care
5 facilities that are essential facilities in rural areas,
6 to ensure the viability of the facilities.

7 **SEC. 313. PAYMENTS FOR SERVICES BY INDIVIDUAL**
8 **HEALTH CARE PROVIDERS.**

9 (a) FEE SCHEDULES.—

10 (1) IN GENERAL.—Except as otherwise pro-
11 vided in this section, payment for services by individ-
12 ual health care providers shall be on a fee-for-service
13 basis and based on payment schedules established by
14 each State program in accordance with regulations
15 prescribed under section 401(e)(1)(E).

16 (2) SCHEDULES.—Such schedules—

17 (A) shall be established after negotiations
18 with organizations representing physicians and
19 other health care providers;

20 (B) shall be based on a national relative
21 value scale, developed by the Administration
22 taking into account the relative value scale de-
23 veloped under section 1848 of the Social Secu-
24 rity Act (42 U.S.C. 1395w-4), as in effect on

1 the day before the date of the enactment of this
2 Act;

3 (C) shall take into consideration regional
4 variations; and

5 (D) shall be in amounts consistent with the
6 State health budget adopted under section 301.

7 (3) TARGETS.—Expenditure targets on the an-
8 nual State allocation of fee-for-service payments for
9 each category of health care provider shall be estab-
10 lished under the State programs. If a group of
11 health care providers exceeds the annual expenditure
12 target, State agencies shall have the flexibility to ne-
13 gotiate with the Administration and the health care
14 provider group to modify the fee schedule for the fol-
15 lowing year to correct for overspending in the pre-
16 vious budget year.

17 (b) ALTERNATIVE PAYMENT MECHANISMS.—Pay-
18 ment for services by individual health care providers may
19 be based on alternative payment methodologies, including
20 capitation methods, annual salary and hourly payments,
21 so long as the amount of payments under such methodol-
22 ogy do not exceed, in the aggregate, the amount of pay-
23 ments that would otherwise be made under the methodol-
24 ogy described in subsection (a).

1 (c) BILLING.—Individual health care providers shall
2 submit bills to the State agency.

3 (d) COVERED EXPENSES.—Payment to individual
4 health care providers shall cover health care provider earn-
5 ings and basic operating expenses, and shall not include
6 reimbursement for expensive, highly specialized equip-
7 ment. Operating expenses shall include administrative
8 overhead, employee wages, and replacement of standard
9 equipment.

10 (e) GROUP PRACTICES.—Group practices may elect
11 to be paid prospectively on a per capita basis rather than
12 on a fee-for-service basis.

13 **SEC. 314. PAYMENTS TO INTEGRATED HEALTH SERVICE**
14 **PLANS.**

15 (a) PAYMENT.—Integrated Health Service Plans
16 shall be paid prospectively on a per capita basis or by
17 means of a negotiated global budget, as determined by the
18 State agency.

19 (b) INPATIENT CARE.—Such payment shall not cover
20 inpatient care services. Inpatient facilities operated by the
21 Integrated Health Service Plans will be paid for covered
22 services on the same basis as all other inpatient facilities.

23 (c) HOSPITALS.—Integrated Health Service Plan-
24 operated hospitals shall be paid for covered services on the
25 same basis as all other hospitals under section 312.

1 (d) HEALTH CARE PROVIDERS.—All health care pro-
2 viders employed by the Integrated Health Service Plans
3 shall be salaried. An Integrated Health Service Plan may
4 enter into contractual arrangements with specialty health
5 care providers not available on staff.

6 (e) DEVELOPMENT.—State programs shall provide
7 incentives for the development of Integrated Health Serv-
8 ice Plans.

9 **SEC. 315. PAYMENTS FOR PRESCRIPTION DRUGS AND**
10 **BIOLOGICALS.**

11 (a) ESTABLISHMENT OF LIST.—

12 (1) IN GENERAL.—The Administrator shall es-
13 tablish a list of approved prescription drugs and
14 biologicals that the Administrator determines are
15 necessary for the maintenance or restoration of
16 health or of employability or self-management and
17 eligible to be provided as covered services.

18 (2) EXCLUSIONS.—The Administrator may ex-
19 clude from the list described in paragraph (1) inef-
20 fective, unsafe, or overpriced drugs or biologicals if
21 better alternatives are determined to be available.

22 (b) PRICES.—For each such listed prescription drug
23 or biological that may be provided as a covered service
24 under this Act, the Administrator shall from time to time,
25 by regulation promulgated under section 401(e)(1)(F), de-

1 termine a product price or prices that shall constitute the
2 maximum to be recognized under this Act as the cost of
3 the drug or biological to a health care provider. The Ad-
4 ministrator may conduct negotiations, on behalf of State
5 programs, with manufacturers and distributors of drugs
6 or biologicals in determining the applicable product price
7 or prices.

8 (c) CHARGES BY INDEPENDENT PHARMACIES.—

9 Each State program shall provide for payment for such
10 a listed prescription drug or biological furnished by an
11 independent pharmacy based on the cost of the drug or
12 biological to the pharmacy (not in excess of the applicable
13 product price established under subsection (b)) plus a dis-
14 pensing fee. In accordance with standards established by
15 the Administrator under section 401(e)(1)(F), each State
16 program, after consultation with representatives of the
17 pharmaceutical profession, shall establish schedules of dis-
18 pensing fees, designed to afford reasonable compensation
19 to independent pharmacies after taking into account vari-
20 ations in their cost of operation resulting from regional
21 differences, differences in the volume of prescription drugs
22 and biologicals dispensed, differences in services provided,
23 and other relevant factors.

24 (d) DEFINITIONS.—As used in this section, the terms
25 “prescription drug” and “biological” mean a drug and a

1 biological, respectively, described in section 1861(t) of the
2 Social Security Act (42 U.S.C. 1395x(t)).

3 **SEC. 316. APPROVED DEVICES AND EQUIPMENT.**

4 (a) ESTABLISHMENT OF LIST.—

5 (1) IN GENERAL.—The Administrator shall es-
6 tablish a list of approved durable medical equipment
7 and therapeutic devices and equipment (including
8 eyeglasses, hearing aids, and prosthetic appliances),
9 that the Administrator determines are necessary for
10 the maintenance or restoration of health or of em-
11 ployability or self-management and eligible to be
12 provided as covered services.

13 (2) EXCLUSIONS.—The Administrator may ex-
14 clude from the list described in paragraph (1) inef-
15 fective, unsafe, or overpriced equipment or devices if
16 better alternatives are determined to be available.

17 (b) CONSIDERATIONS AND CONDITIONS.—In estab-
18 lishing the list under subsection (a), the Administrator
19 shall take into consideration the efficacy, safety, and cost
20 of each item contained on such list, and shall attach to
21 any item such conditions as the Administrator determines
22 to be appropriate with respect to the circumstances under
23 which, or the frequency with which, the item may be pre-
24 scribed.

1 (c) PRICES.—For each such listed item that may be
2 provided as a covered service under this Act, the Adminis-
3 trator shall from time to time, by regulation promulgated
4 under section 401(e)(1)(F), determine a product price or
5 prices that shall constitute the maximum to be recognized
6 under this Act as the cost of the item to a health care
7 provider. The Administrator may conduct negotiations, on
8 behalf of State programs, with manufacturers and dis-
9 tributors of the equipment or devices described in sub-
10 section (a) in determining the applicable product price or
11 prices.

12 (d) DEFINITION.—As used in this section, the terms
13 “durable medical equipment” has the meaning given the
14 term in section 1861(n) of the Social Security Act (42
15 U.S.C. 1395x(n)).

16 **SEC. 317. GRIEVANCE PROCEDURE.**

17 (a) BOARD.—The head of each State agency shall es-
18 tablish a State Payment Grievance Board. In selecting
19 members of the State Payment Grievance Board, the head
20 of the State agency shall ensure that members shall not
21 perform duties inconsistent with their duties and respon-
22 sibilities as members, and shall ensure that an employee
23 or agent engaged in the performance of investigative or
24 prosecuting functions for the State agency in a case shall
25 not, in the case or a factually related case, participate or

1 advise in the decision, recommended decision, or State
2 agency review of the decision, except as witness or counsel
3 in public proceedings.

4 (b) APPEALS.—

5 (1) HEALTH CARE PROVIDERS.—A health care
6 provider who is denied payment by an employee of
7 a State agency, or a State long-term care coordina-
8 tion agency, for covered services may appeal the de-
9 cision of the State agency, not later than 30 days
10 after the decision, to a State Payment Grievance
11 Board.

12 (2) PATIENTS.—In any case in which a health
13 care provider determines that a requested service is
14 not medically necessary with respect to a consumer,
15 the health care provider shall inform the consumer
16 of the opportunity to appeal the decision of the
17 health care provider, not later than 30 days after
18 the decision, to a State Payment Grievance Board.

19 (c) PROCEDURES.—Each State agency shall provide
20 for effective procedures for the State Payment Grievance
21 Board for hearing and resolving appeals brought under
22 subsection (b) and for State agency review of the appeals.

23 **Subtitle C—Sources of Revenue**

24 **SEC. 321. FEDERAL SOURCES OF REVENUE.**

25 (a) PERSONAL INCOME TAX RATE INCREASE.—

1 (1) IN GENERAL.—Subsections (a) through (e)
2 of section 1 of the Internal Revenue Code of 1986
3 (relating to tax imposed) are each amended by strik-
4 ing “15%”, “28%”, and “31%” each place they ap-
5 pear and inserting “20%”, “31%”, and “39%”, re-
6 spectively.

7 (2) TECHNICAL AMENDMENTS.—

8 (A) Subsection (f) of section 1 of such
9 Code is amended—

10 (i) by striking “1990” in paragraph
11 (1) and inserting “1994”, and

12 (ii) by striking “1989” in paragraph
13 (3)(B) and inserting “1993”.

14 (B) Subparagraph (B) of section 32(i)(1)
15 of such Code is amended by striking “1989”
16 and inserting “1993”.

17 (C) Subparagraph (C) of section 41(e)(5)
18 of such Code is amended by striking “1989”
19 each place it appears and inserting “1993”.

20 (D) Subparagraph (B) of section 63(c)(4)
21 of such Code is amended by striking “1989”
22 and inserting “1993”.

23 (E) Clause (ii) of section 135(b)(2)(B) of
24 such Code is amended by striking “1989” and
25 inserting “1993”.

1 (F) Subparagraphs (A)(ii) and (B)(ii) of
2 section 151(d)(4) of such Code are each amend-
3 ed by striking “1989” and inserting “1993”.

4 (G) Clause (ii) of section 513(h)(2)(C) of
5 such Code is amended by striking “1989” each
6 place it appears and inserting “1993”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to taxable years begin-
9 ning after December 31, 1993.

10 (b) CORPORATE INCOME TAX RATE INCREASE.—

11 (1) IN GENERAL.—Subsection (b) of section 11
12 of the Internal Revenue Code of 1986 (relating to
13 tax imposed on corporations) is amended by striking
14 “34 percent” each place it appears and inserting
15 “39 percent”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 852(b)(3)(D)(iii) of such Code
18 is amended by striking “66 percent” and insert-
19 ing “61 percent”.

20 (B) Section 1201(a) of such Code is
21 amended by striking “34 percent” each place it
22 appears and inserting “39 percent”.

23 (C) Paragraphs (1) and (2) of section
24 1445(e) of such Code are each amended by

1 striking “34 percent” and inserting “39
2 percent”.

3 (D) Section 7518(g)(6)(A) of such Code
4 and section 607(h)(6)(A) of the Merchant Ma-
5 rine Act, 1936 are each amended by striking
6 “34 percent” and inserting “39 percent”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to taxable years begin-
9 ning after December 31, 1993.

10 (c) ALTERNATIVE MINIMUM TAX INCREASE.—

11 (1) GENERAL RULE.—Subparagraph (A) of sec-
12 tion 55(b)(1) (relating to tentative minimum tax) is
13 amended by striking “20 percent (24 percent” and
14 inserting “23 percent (27 percent”.

15 (2) CONFORMING AMENDMENT.—Paragraph (2)
16 of section 897(a) is amended by striking “21” in the
17 heading of such paragraph and in subparagraph (A)
18 and inserting “27”.

19 (3) EFFECTIVE DATE.—The amendments made
20 by this subsection shall apply to taxable years begin-
21 ning after December 31, 1993.

22 (d) INCREASE IN TAX ON CIGARETTES.—

23 (1) RATE OF TAX.—Subsection (b) of section
24 5701 of the Internal Revenue Code of 1986 (relating
25 to rate of tax on cigarettes) is amended—

1 (A) by striking “\$12 per thousand (\$10
2 per thousand on cigarettes removed during
3 1991 or 1992)” in paragraph (1) and inserting
4 “\$20 per thousand”; and

5 (B) by striking “\$25.20 per thousand (\$21
6 per thousand on cigarettes removed during
7 1991 or 1992)” in paragraph (2) and inserting
8 “\$42 per thousand”.

9 (2) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply with respect to articles
11 removed after December 31, 1993.

12 (3) FLOOR STOCKS.—

13 (A) IMPOSITION OF TAX.—On cigarettes
14 manufactured in or imported into the United
15 States which are removed before January 1,
16 1994, and held on such date for sale by any
17 person, there shall be imposed the following
18 taxes:

19 (i) SMALL CIGARETTES.—On ciga-
20 rettes, weighing not more than 3 pounds
21 per thousand, \$10 per thousand;

22 (ii) LARGE CIGARETTES.—On ciga-
23 rettes, weighing more than 3 pounds per
24 thousand, \$21 per thousand; except that, if
25 more than 6½ inches in length, they shall

1 be taxable at the rate prescribed for ciga-
2 rettes weighing not more than 3 pounds
3 per thousand, counting each $2\frac{3}{4}$ inches, or
4 fraction thereof, of the length of each as
5 one cigarette.

6 (B) LIABILITY FOR TAX AND METHOD OF
7 PAYMENT.—

8 (i) LIABILITY FOR TAX.—A person
9 holding cigarettes on January 1, 1994, to
10 which any tax imposed by subparagraph
11 (A) applies shall be liable for such tax.

12 (ii) METHOD OF PAYMENT.—The tax
13 imposed by subparagraph (A) shall be
14 treated as a tax imposed under section
15 5701 of the Internal Revenue Code of
16 1986 and shall be due and payable on Feb-
17 ruary 15, 1994, in the same manner as the
18 tax imposed under such section is payable
19 with respect to cigarettes removed on Jan-
20 uary 1, 1994.

21 (C) CIGARETTE.—For purposes of this
22 paragraph, the term “cigarette” shall have the
23 meaning given to such term by subsection (b)
24 of section 5702 of the Internal Revenue Code of
25 1986.

1 (D) EXCEPTION FOR RETAIL STOCKS.—

2 The taxes imposed by subparagraph (A) shall
3 not apply to cigarettes in retail stocks held on
4 January 1, 1994, at the place where intended
5 to be sold at retail.

6 (E) FOREIGN TRADE ZONES.—Notwith-
7 standing the Act of June 18, 1934 (19 U.S.C.
8 81a et seq.) or any other provision of law—

9 (i) cigarettes—

10 (I) on which taxes imposed by
11 Federal law are determined, or cus-
12 toms duties are liquidated, by a cus-
13 toms officer pursuant to a request
14 made under the first proviso of sec-
15 tion 3(a) of the Act of June 18, 1934
16 (19 U.S.C. 81c(a)) before January 1,
17 1994, and

18 (II) which are entered into the
19 customs territory of the United States
20 on or after January 1, 1994, from a
21 foreign trade zone, and

22 (ii) cigarettes which—

23 (I) are placed under the super-
24 vision of a customs officer pursuant to
25 the provisions of the second proviso of

1 section 3(a) of the Act of June 18,
2 1934 (19 U.S.C. 81c(a)) before Janu-
3 ary 1, 1994, and

4 (II) are entered into the customs
5 territory of the United States on or
6 after January 1, 1994, from a foreign
7 trade zone,

8 shall be subject to the tax imposed by subpara-
9 graph (A) and such cigarettes shall, for pur-
10 poses of subparagraph (A), be treated as being
11 held on January 1, 1994, for sale.

12 (e) INCREASE IN EXCISE TAXES ON DISTILLED SPIR-
13 ITS, WINE, AND BEER.—

14 (1) DISTILLED SPIRITS.—

15 (A) IN GENERAL.—Paragraphs (1) and (3)
16 of section 5001(a) of the Internal Revenue
17 Code of 1986 (relating to rate of tax on dis-
18 tilled spirits) are each amended by striking
19 “\$13.50” and inserting “\$29.00”.

20 (B) TECHNICAL AMENDMENT.—Para-
21 graphs (1) and (2) of section 5010(a) of such
22 Code (relating to credit for wine content and
23 for flavors content) are each amended by strik-
24 ing “\$13.50” and inserting “\$29.00”.

25 (2) WINE.—

1 (A) WINES CONTAINING NOT MORE THAN
2 14 PERCENT ALCOHOL.—Paragraph (1) of sec-
3 tion 5041(b) of such Code (relating to rates of
4 tax on wines) is amended by striking “\$1.07”
5 and inserting “\$6.00”.

6 (B) WINES CONTAINING MORE THAN 14
7 (BUT NOT MORE THAN 21) PERCENT ALCO-
8 HOL.—Paragraph (2) of section 5041(b) of
9 such Code is amended by striking “\$1.57” and
10 inserting “\$8.50”.

11 (C) WINES CONTAINING MORE THAN 21
12 (BUT NOT MORE THAN 24) PERCENT ALCO-
13 HOL.—Paragraph (3) of section 5041(b) of
14 such Code is amended by striking “\$3.15” and
15 inserting “\$11.00”.

16 (D) ARTIFICIALLY CARBONATED WINES.—
17 Paragraph (5) of section 5041(b) of such Code
18 is amended by striking “\$3.30” and inserting
19 “\$11.00”.

20 (3) BEER.—

21 (A) IN GENERAL.—Paragraph (1) of sec-
22 tion 5051(a) of such Code (relating to imposi-
23 tion and rate of tax on beer) is amended by
24 striking “\$18” and inserting “\$81”.

1 (B) SMALL BREWERS.—Subparagraph (A)
 2 of section 5051(a)(2) of such Code (relating to
 3 reduced rate for certain domestic production) is
 4 amended by striking “\$7” each place it appears
 5 and inserting “\$31.50”.

6 (4) EFFECTIVE DATE.—The amendments made
 7 by this subsection shall take effect on January 1,
 8 1994.

9 (5) FLOOR STOCKS TAXES.—

10 (A) IMPOSITION OF TAX.—

11 (i) IN GENERAL.—In the case of any
 12 tax-increased article—

13 (I) on which tax was determined
 14 under part I of subchapter A of chap-
 15 ter 51 of the Internal Revenue Code
 16 of 1986 or section 7652 of such Code
 17 before January 1, 1994, and

18 (II) which is held on such date
 19 for sale by any person,
 20 there shall be imposed a tax at the applica-
 21 ble rate on each such article.

22 (ii) APPLICABLE RATE.—For purposes
 23 of clause (i), the applicable rate is—

24 (I) \$15.50 per proof gallon in the
 25 case of distilled spirits,

1 (II) \$4.93 per wine gallon in the
2 case of wine described in paragraph
3 (1) of section 5041(b) of such Code,
4 and

5 (III) \$6.93 per wine gallon in the
6 case of wine described in paragraph
7 (2) of section 5041(b) of such Code,
8 and

9 (IV) \$7.85 per wine gallon in the
10 case of wine described in paragraph
11 (3) of section 5041(b) of such Code,
12 and

13 (V) \$7.70 per wine gallon in the
14 case of wine described in paragraph
15 (5) of section 5041(b) of such Code,

16 (VI) \$63 per barrel in the case of
17 beer described in paragraph (1) of
18 section 5051(a) of such Code, and

19 (VII) \$13.50 per barrel in the
20 case of beer described in subpara-
21 graph (A) of section 5051(a)(2) of
22 such Code.

23 In the case of a fraction of a gallon or bar-
24 rel, the tax imposed by clause (i) shall be

1 the same fraction as the amount of such
2 tax imposed on a whole gallon or barrel.

3 (iii) TAX-INCREASED ARTICLE.—For
4 purposes of this paragraph, the term “tax-
5 increased article” means distilled spirits,
6 wine described in paragraph (1), (2), (3),
7 or (5) of section 5041(b) of such Code,
8 and beer.

9 (B) EXCEPTION FOR CERTAIN SMALL
10 WHOLESALE OR RETAIL DEALERS.—No tax
11 shall be imposed by subparagraph (A) on tax-
12 increased articles held on January 1, 1994, by
13 any dealer if—

14 (i) the aggregate liquid volume of tax-
15 increased articles held by such dealer on
16 such date does not exceed 500 wine gal-
17 lons, and

18 (ii) such dealer submits to the Sec-
19 retary (at the time and in the manner re-
20 quired by the Secretary) such information
21 as the Secretary shall require for purposes
22 of this subparagraph.

23 (C) LIABILITY FOR TAX AND METHOD OF
24 PAYMENT.—

1 (i) LIABILITY FOR TAX.—A person
2 holding any tax-increased article on Janu-
3 ary 1, 1994, to which the tax imposed by
4 subparagraph (A) applies shall be liable for
5 such tax.

6 (ii) METHOD OF PAYMENT.—The tax
7 imposed by subparagraph (A) shall be paid
8 in such manner as the Secretary shall pre-
9 scribe by regulations.

10 (iii) TIME FOR PAYMENT.—The tax
11 imposed by subparagraph (A) shall be paid
12 on or before June 30, 1994.

13 (D) CONTROLLED GROUPS.—

14 (i) CORPORATIONS.—In the case of a
15 controlled group the 500 wine gallon
16 amount specified in subparagraph (B),
17 shall be apportioned among the dealers
18 who are component members of such group
19 in such manner as the Secretary shall by
20 regulations prescribe. For purposes of the
21 preceding sentence, the term “controlled
22 group” has the meaning given to such
23 term by subsection (a) of section 1563 of
24 such Code; except that for such purposes
25 the phrase “more than 50 percent” shall

1 be substituted for the phrase “at least 80
2 percent” each place it appears in such sub-
3 section.

4 (ii) NONINCORPORATED DEALERS
5 UNDER COMMON CONTROL.—Under regula-
6 tions prescribed by the Secretary, prin-
7 ciples similar to the principles of clause (i)
8 shall apply to a group of dealers under
9 common control where 1 or more of such
10 dealers is not a corporation.

11 (E) OTHER LAWS APPLICABLE.—

12 (i) IN GENERAL.—All provisions of
13 law, including penalties, applicable to the
14 comparable excise tax with respect to any
15 tax-increased article shall, insofar as appli-
16 cable and not inconsistent with the provi-
17 sions of this paragraph, apply to the floor
18 stocks taxes imposed by subparagraph (A)
19 to the same extent as if such taxes were
20 imposed by the comparable excise tax.

21 (ii) COMPARABLE EXCISE TAX.—For
22 purposes of clause (i), the term “com-
23 parable excise tax” means—

1 (I) the tax imposed by section
2 5001 of such Code in the case of dis-
3 tilled spirits,

4 (II) the tax imposed by section
5 5041 of such Code in the case of
6 wine, and

7 (III) the tax imposed by section
8 5051 of such Code in the case of beer.

9 (F) DEFINITIONS.—For purposes of this
10 paragraph—

11 (i) IN GENERAL.—Terms used in this
12 paragraph which are also used in sub-
13 chapter A of chapter 51 of such Code shall
14 have the respective meanings such terms
15 have in such part.

16 (ii) PERSON.—The term “person” in-
17 cludes any State or political subdivision
18 thereof, or any agency or instrumentality
19 of a State or political subdivision thereof.

20 (iii) SECRETARY.—The term “Sec-
21 retary” means the Secretary of the Treas-
22 ury or his delegate.

23 (G) TREATMENT OF IMPORTED PERFUMES
24 CONTAINING DISTILLED SPIRITS.—For pur-
25 poses of this paragraph, any article described in

1 section 5001(a)(3) of such Code shall be treated
2 as distilled spirits; except that the tax imposed
3 by subparagraph (A) shall be imposed on a
4 wine gallon basis in lieu of a proof gallon basis.
5 To the extent provided by regulations pre-
6 scribed by the Secretary, the preceding sentence
7 shall not apply to any article held on January
8 1, 1994, on the premises of a retail establish-
9 ment.

10 (f) PAYROLL TAXES.—

11 (1) TAX ON EMPLOYEES.—Section 3101 of the
12 Internal Revenue Code of 1986 (relating to rate of
13 tax on employees) is amended by redesignating sub-
14 sections (c) and (d) as subsections (d) and (e) and
15 by inserting after subsection (b) the following new
16 subsection:

17 “(c) NATIONAL HEALTH CARE PROGRAM.—In addi-
18 tion to the taxes imposed by the preceding subsections,
19 there is hereby imposed on the income of every individual
20 a tax equal to 1.45 percent of the wages (as defined in
21 section 3121(a)) received by such individual after Decem-
22 ber 31, 1994, with respect to employment (as defined in
23 section 3121(b)).”.

24 (2) TAX ON EMPLOYERS.—Section 3111 of such
25 Code (relating to rate of tax on employers) is

1 amended by redesignating subsection (c) as sub-
 2 section (d) and by inserting after subsection (b) the
 3 following new subsection:

4 “(c) NATIONAL HEALTH CARE PROGRAM.—In addi-
 5 tion to the taxes imposed by the preceding subsections,
 6 there is hereby imposed on every employer an excise tax,
 7 with respect to having individuals in such employer’s em-
 8 ploy, equal to 7.45 percent of the wages (as defined in
 9 section 3121(a)) paid by such employer during each cal-
 10 endar year beginning after December 31, 1994, with re-
 11 spect to employment (as defined in section 3121(b)).”.

12 (3) TAX ON SELF-EMPLOYMENT INCOME.—Sec-
 13 tion 1401 of such Code (relating to rate of tax on
 14 self-employment income for hospital insurance) is
 15 amended by redesignating subsection (c) as sub-
 16 section (d) and by inserting after subsection (b) the
 17 following new subsection:

18 “(c) NATIONAL HEALTH CARE PROGRAM.—In addi-
 19 tion to the taxes imposed by the preceding subsections,
 20 there shall be imposed for each taxable year, on the self-
 21 employment income of every individual, a tax equal to the
 22 sum of—

23 “(1) 1.45 percent, plus

24 “(2) 7.45 percent

1 of the amount of the self-employment income for such tax-
2 able year.”.

3 (4) RAILROAD RETIREMENT TAXES.—Sections
4 3201(a), 3211(a), and 3221(a) of such Code (relat-
5 ing to tier 1 taxes) are each amended by striking
6 “subsections (a) and (b)” each place it appears and
7 inserting “subsections (a), (b), and (c)”.

8 (5) ELIMINATION OF LIMIT ON EMPLOYER-POR-
9 TION OF WAGES OR SELF-EMPLOYMENT INCOME
10 SUBJECT TO NATIONAL HEALTH CARE PROGRAM
11 TAX.—

12 (A) WAGES.—Subsection (x) of section
13 3121 of the Internal Revenue Code of 1986 (re-
14 lating to applicable contribution base) is amend-
15 ed by adding at the end thereof the following
16 new paragraph:

17 “(3) NATIONAL HEALTH CARE PROGRAM.—For
18 purposes of the taxes imposed by section 3111(c),
19 the applicable contribution base for any calendar
20 year is equal to the remuneration for employment
21 paid to an individual for such calendar year.”.

22 (B) SELF-EMPLOYMENT INCOME.—Sub-
23 section (k) of section 1402 of such Code (relat-
24 ing to applicable contribution base) is amended

1 by adding at the end thereof the following new
2 paragraph:

3 “(3) NATIONAL HEALTH CARE PROGRAM.—For
4 purposes of the tax imposed by section 1401(c)(2),
5 the applicable contribution base for any calendar
6 year is equal to the individual’s net earnings from
7 self-employment for such calendar year.”.

8 (C) CONFORMING AMENDMENTS.—

9 (i) Paragraph (2) of section 3121(x)
10 of such Code is amended—

11 (I) by striking “section 3101(b)
12 and 3111(b)” and inserting “sections
13 3101(b), 3111(b), and 3101(c)”, and

14 (II) by striking “HOSPITAL IN-
15 SURANCE” in the heading and insert-
16 ing “HEALTH CARE”.

17 (ii) Paragraph (2) of section 1402(k)
18 of such Code is amended—

19 (I) by striking “section 1401(b)”
20 and inserting “sections 1401(b) and
21 1401(c)(1)”, and

22 (II) by striking “HOSPITAL IN-
23 SURANCE” in the heading and insert-
24 ing “HEALTH CARE”.

1 (iii) Clause (i) of section
2 3231(e)(2)(B) of such Code is amended—

3 (I) by striking “subclause (II)”
4 in subclause (I) and inserting
5 “subclauses (II) and (III)”, and

6 (II) by adding at the end thereof
7 the following new subclauses:

8 “(III) EMPLOYER-PORION OF
9 NATIONAL HEALTH CARE PROGRAM.—

10 For purposes of applying so much of
11 the rate applicable under section
12 3221(a) as does not exceed the rate of
13 tax in effect under section 3111(c),
14 and for purposes of applying so much
15 of the rate of tax applicable under
16 section 3211(a)(1) as does not exceed
17 the rate of tax in effect under section
18 1401(c)(2), the term ‘applicable base’
19 means for any calendar year the ap-
20 plicable contribution base determined
21 under section 3121(x)(3) or
22 1401(k)(3) (as the case may be) for
23 such calendar year.

24 “(IV) EMPLOYEE-PORION OF
25 NATIONAL HEALTH CARE PROGRAM.—

1 For purposes of applying so much of
 2 the rate applicable under section
 3 3201(a) as does not exceed the rate of
 4 tax in effect under section 3101(c),
 5 and for purposes of applying so much
 6 of the rate of tax applicable under
 7 section 3211(a)(1) as does not exceed
 8 the rate of tax in effect under section
 9 1401(c)(1), the term ‘applicable base’
 10 means for any calendar year the ap-
 11 plicable contribution base determined
 12 under section 3121(x)(2) or
 13 1401(k)(2) (as the case may be) for
 14 such calendar year.”.

15 (iv) Subsection (c) of section 6413 of
 16 such Code is amended by adding at the
 17 end thereof the following new paragraph:

18 “(4) SEPARATE APPLICATION FOR NATIONAL
 19 HEALTH CARE PROGRAM TAXES.—In applying this
 20 subsection with respect to—

21 “(A) the tax imposed by section 3101(c)
 22 (or any amount equivalent to such tax), and

23 “(B) so much of the tax imposed by sec-
 24 tion 3201 as is determined at a rate not greater
 25 than the rate in effect under section 3101(c),

1 the applicable contribution base determined under
 2 section 3121(x)(3) for any calendar year shall be
 3 substituted for ‘contribution and benefit base (as de-
 4 termined under section 230 of the Social Security
 5 Act)’ each place it appears.”.

6 (6) ADDITIONAL STATE AND LOCAL EMPLOYEES
 7 SUBJECT TO NATIONAL HEALTH CARE PROGRAM
 8 TAXES.—Paragraph (2) of section 3121(u) of such
 9 Code is amended by striking subparagraphs (C) and
 10 (D).

11 (7) EFFECTIVE DATE.—The amendments made
 12 by this subsection shall apply with respect to remu-
 13 neration paid after December 31, 1994, and with re-
 14 spect to earnings from self-employment attributable
 15 to taxable years beginning after such date.

16 (g) TERMINATION OF HOSPITAL INSURANCE PAY-
 17 ROLL TAXES.—

18 (1) TAX ON EMPLOYEES.—Section 3101(b) of
 19 the Internal Revenue Code of 1986 (relating to rate
 20 of tax on employees for hospital insurance) is
 21 amended—

22 (A) by striking “and” at the end of para-
 23 graph (5), and

24 (B) by striking paragraph (6) and insert-
 25 ing the following new paragraphs:

1 “(6) with respect to wages received during the
2 calendar years 1986 through 1994, the rate shall be
3 1.45 percent; and

4 “(7) with respect to wages received after De-
5 cember 31, 1994, the rate shall be 0 percent.”.

6 (2) TAX ON EMPLOYERS.—Section 3111(b) of
7 such Code (relating to rate of tax on employers for
8 hospital insurance) is amended—

9 (A) by striking “and” at the end of para-
10 graph (5), and

11 (B) by striking paragraph (6) and insert-
12 ing the following new paragraphs:

13 “(6) with respect to wages received during the
14 calendar years 1986 through 1994, the rate shall be
15 1.45 percent;

16 “(7) with respect to wages received after De-
17 cember 31, 1994, the rate shall be 0 percent.”.

18 (3) TAX ON SELF-EMPLOYMENT INCOME.—Sec-
19 tion 1401(b) of such Code (relating to rate of tax on
20 self-employment income for hospital insurance) is
21 amended by striking the table and inserting the fol-
22 lowing new table:

“In the case of a taxable year		
Beginning after:	And before:	Percent:
December 31, 1985	January 1, 1995	2.90
December 31, 1994	0.”.

1 (4) EFFECTIVE DATE.—The amendments made
 2 by this subsection shall apply with respect to remuneration paid after December 31, 1994, and with respect to earnings from self-employment attributable
 3 to taxable years beginning after such date.

6 (i) EMPLOYERS' MAINTENANCE OF EFFORT FOR RETIREES.—

8 (1) IN GENERAL.—Subchapter A of chapter 1
 9 of the Internal Revenue Code of 1986 (relating to
 10 normal taxes and surtaxes) is amended by adding at
 11 the end thereof the following new part:

12 **“PART VIII—HEALTH CARE TAXES**

“Sec. 59B. Employers health care tax.

13 **“SEC. 59B. EMPLOYERS HEALTH CARE TAX.**

14 “(a) IN GENERAL.—In the case of an employer, there
 15 is imposed (in addition to any other tax imposed by this
 16 subtitle) a tax equal to the actuarially equivalent aggregate amount which would have been paid or incurred by
 17 the employer (or predecessor employer) during the taxable
 18 year for individual or family coverage of retired employees
 19 with respect to whom such employer had a contractual obligation on December 31, 1993, under group health plans
 20 (as defined in section 5000(b)(1)) in existence on such
 21 date.

1 “(b) TERMINATION.—This section shall not apply in
2 any taxable year beginning after December 31, 2012.”.

3 (2) CONFORMING AMENDMENT.—The table of
4 parts of subchapter A of chapter 1 of such Code is
5 amended by adding at the end thereof the following
6 new item:

“Part VIII. Health care taxes.”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to taxable years begin-
9 ning after December 31, 1993.

10 (j) TREATMENT OF HEALTH CARE DEDUCTIONS,
11 EXCLUSIONS, AND CREDITS.—

12 (1) LIMITATION ON EXCLUSION OF COMPENSA-
13 TION FOR INJURIES OR SICKNESS.—Subsection (a)
14 of section 104 of the Internal Revenue Code of 1986
15 (relating to compensation for injuries or sickness) is
16 amended—

17 (A) by striking paragraph (3) and insert-
18 ing the following new paragraph:

19 “(3) amounts received through the national
20 health care program for personal injuries or sick-
21 ness;”, and

22 (B) by striking the second sentence there-
23 of.

1 (2) TERMINATION OF EXCLUSION FOR
2 AMOUNTS RECEIVED UNDER ACCIDENT AND HEALTH
3 PLANS.—

4 (A) IN GENERAL.—Section 105 of such
5 Code (relating to amounts received under acci-
6 dent and health plans) is amended—

7 (i) by striking “income” and all that
8 follows in subsection (a) and inserting “in-
9 come.”,

10 (ii) by striking subsections (b), (e),
11 (f), (g), and (h), and

12 (iii) by redesignating subsections (c)
13 and (i) as subsections (b) and (c), respec-
14 tively.

15 (B) CONFORMING AMENDMENT.—Para-
16 graph (6) of section 7871(a)(6) of such Code is
17 amended by striking subparagraph (A) and by
18 redesignating subparagraphs (B), (C), and (D)
19 as subparagraphs (A), (B), and (C), respec-
20 tively.

21 (3) TERMINATION OF EXCLUSION FOR CON-
22 TRIBUTIONS BY EMPLOYER TO ACCIDENT AND
23 HEALTH PLANS.—

1 (A) IN GENERAL.—Section 106 of such
 2 Code (relating to contributions by employer to
 3 accident and health plans) is repealed.

4 (B) CONFORMING AMENDMENTS.—

5 (i) Subsection (c) of section 104 of
 6 such Code is amended to read as follows:

7 “(c) CROSS REFERENCE.—

“For exclusion of part of disability retirement pay from the application of subsection (a)(4) of this section, see section 1403 of title 10, United States Code (relating to career compensation laws).”.

8 (ii) Sections 414(n)(3)(C), 414(t)(2),
 9 and 6039D(d)(1) of such Code are each
 10 amended by striking “106,”.

11 (4) LIMITATION ON CAFETERIA PLANS.—Sub-
 12 section (g) of section 125 of such Code (relating to
 13 cafeteria plans) is amended by striking paragraph
 14 (2) and by redesignating paragraphs (3) and (4) as
 15 paragraphs (2) and (3), respectively.

16 (5) BUSINESS EXPENSE DEDUCTION FOR EM-
 17 PLOYER-PROVIDED FIRST AID ASSISTANCE.—Sub-
 18 section (l) of section 162 of such Code (relating to
 19 trade or business expenses) is amended to read as
 20 follows:

21 “(l) FIRST AID ASSISTANCE.—The expenses paid or
 22 incurred by an employer for on-site first aid assistance

1 provided to the employees of such employer shall be al-
2 lowed as a deduction under this section.”.

3 (6) TERMINATION OF DEDUCTION FOR MEDI-
4 CAL EXPENSES.—

5 (A) IN GENERAL.—Section 213 of such
6 Code (relating to medical, dental, etc., ex-
7 penses) is repealed.

8 (B) CONFORMING AMENDMENTS.—

9 (i) Paragraph (1) of section 56 of
10 such Code is amended by striking subpara-
11 graph (B) and by redesignating subpara-
12 graphs (C), (D), (E), and (F) as subpara-
13 graphs (B), (C), (D), and (E), respectively.

14 (ii) Subsection (b) of section 67 of
15 such Code is amended by striking para-
16 graph (5) and by redesignating paragraphs
17 (6) through (13) as paragraphs (5)
18 through (12), respectively.

19 (iii) Subsection (t) of section 72 of
20 such Code is amended—

21 (I) in paragraph (2), by striking
22 subparagraph (B) and by redesignat-
23 ing subparagraph (C) as subpara-
24 graph (B), and

1 (II) by striking “(B), and (C)” in
2 paragraph (3)(A) and inserting “and
3 (B)”.

4 (iv) Subsection (e) of section 152 of
5 such Code is amended by striking para-
6 graph (6).

7 (7) TERMINATION OF PENSION PAYMENT OF
8 MEDICAL BENEFITS.—Subsection (h) of section 401
9 of such Code (relating to qualified pension, profit-
10 sharing, and stock bonus plans) is repealed.

11 (8) TERMINATION OF CHILD HEALTH INSUR-
12 ANCE CREDIT.—Clause (i) of section 32(b)(2)(A) of
13 such Code (relating to health insurance credit) is
14 amended by inserting “(0 percent for taxable years
15 beginning after December 31, 1993)” after “6 per-
16 cent”.

17 (9) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply with respect to taxable
19 years beginning after December 31, 1993.

20 (k) INCREASE IN INCOME TAXES ON SOCIAL SECU-
21 RITY BENEFITS.—

22 (1) INCREASE IN AMOUNT OF BENEFITS TAKEN
23 INTO ACCOUNT.—Subsections (a) and (b) of section
24 86 of such Code (relating to social security and tier
25 1 railroad retirement benefits) are each amended by

1 striking “one-half” each place it appears and insert-
2 ing “85 percent”.

3 (2) INCOME THRESHOLDS REDUCED.—Sub-
4 section (c) of section 86 of such Code (defining base
5 amount) is amended—

6 (A) by striking “\$25,000” in paragraph
7 (1) and inserting “\$8,000”, and

8 (B) by striking “\$32,000” in paragraph
9 (2) and inserting “\$16,000”.

10 (3) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to taxable years begin-
12 ning after December 31, 1993.

13 (l) SECTION 15 NOT TO APPLY.—No amendment
14 made by this section shall be treated as a change in a
15 rate of tax for purposes of section 15 of the Internal Reve-
16 nue Code of 1986.

17 (m) NATIONAL HEALTH CARE PROGRAM PREMIUM
18 FOR THE ELDERLY.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2), each individual who at any time in a
21 month beginning after December 31, 1994, is 65
22 years of age or older and is eligible for benefits
23 under this Act in the month shall pay a national
24 health care program premium equal to the sum of:

1 (A) the amount of the premium for such
 2 month determined under section 1839 of the
 3 Social Security Act, determined as if such sec-
 4 tion had not been repealed under this Act, plus
 5 (B) \$25.

6 (2) REDUCTION FOR LOW-INCOME ELDERLY.—
 7 Individuals with an adjusted gross income (as de-
 8 fined in section 62 of the Internal Revenue Code of
 9 1986) which does not exceed 120 percent of the in-
 10 come official poverty line (as defined by the Office
 11 of Management and Budget, and revised annually in
 12 accordance with section 673(2) of the Omnibus
 13 Budget Reconciliation Act of 1981) are not liable for
 14 the premium imposed under paragraph (1)(B).

15 (3) COLLECTION OF PREMIUM.—The premium
 16 imposed under this subsection shall be collected in
 17 the same manner (including deduction from Social
 18 Security checks) as the premium imposed under part
 19 B of title XVIII of the Social Security Act was col-
 20 lected under section 1840 of such Act as of the date
 21 of the enactment of this Act.

22 **SEC. 322. STATE SOURCES OF REVENUE.**

23 (a) IN GENERAL.—Each State shall be responsible
 24 for establishing a financing program for the implementa-
 25 tion of the State program in the State. Such financing

1 program may include State funding from general reve-
2 nues, earmarked taxes, sales taxes, and such other meas-
3 ures consistent with this Act, including regulations pre-
4 scribed under section 401(e)(1)(D), as the State may pro-
5 vide.

6 (b) MAINTENANCE OF EFFORT.—

7 (1) CONDITION OF COVERAGE.—Notwithstand-
8 ing any other provision of this Act, no individual
9 who is a resident of a State is eligible for covered
10 services under this Act for a month in a calendar
11 year, unless the State makes available under the fi-
12 nancing program (in a manner and at a time speci-
13 fied by the Administrator), in addition to funds
14 made available under subsection (c), in the month of
15 the sum of—

16 (A) the product of \$7.083 and the number
17 of residents who are residents of the State and
18 otherwise eligible for covered services under this
19 Act in the month; and

20 (B) 85 percent of $\frac{1}{12}$ of the amount speci-
21 fied in paragraph (2) for the year;
22 or, if less, $\frac{1}{12}$ of the limiting amount specified in
23 paragraph (3).

24 (2) MAINTENANCE OF EFFORT AMOUNT.—The
25 amount of payment specified in this paragraph for

1 a State for a year is equal to the amount of payment
2 (net of Federal payments) made by a State under its
3 State plan under title XIX of the Social Security Act
4 for the year preceding the effective date of this Act,
5 increased for the year involved by the compounded
6 sum of the percentage increase in the gross national
7 product of the State for each year after that year
8 and up to the year before the year involved.

9 (3) LIMITING AMOUNT.—For purposes of para-
10 graph (1), the limiting amount specified in this
11 paragraph—

12 (A) for 1995, is the total amount of pay-
13 ment made by a State (net of any Federal pay-
14 ments made to the State) for health care serv-
15 ices in 1994; or

16 (B) for any subsequent year, is the amount
17 specified in this paragraph for the State for the
18 previous year increased for the year involved by
19 the compounded sum of the percentage increase
20 in the gross national product of the State for
21 each year after 1992 and up to the year before
22 the year involved.

23 **SEC. 323. COST-SHARING.**

24 (a) MINIMUM COST-SHARING REQUIREMENTS.—Ex-
25 cept as provided in subsection (b), each State program

1 shall impose cost-sharing for payment to a health care fa-
 2 cility of a portion (not to exceed 25 percent) of the cost
 3 of room and board for consumers receiving—

4 (1) the long-term care services described in sec-
 5 tion 201(b)(6)(C);

6 (2) the mental health services described in sec-
 7 tion 201(b)(7)(E);

8 (3) the rehabilitation services described in sub-
 9 paragraphs (D) and (E) of section 201(b)(13); and

10 (4) the substance abuse treatment and rehabili-
 11 tation services described in section 201(b)(14)(F).

12 (b) WAIVER.—Each State agency shall waive the
 13 cost-sharing requirements described in subsection (a) for
 14 consumers below the income official poverty line, as de-
 15 fined by the Office of Management and Budget, and re-
 16 vised annually in accordance with section 673(2) of the
 17 Omnibus Budget Reconciliation Act of 1981 (42 U.S.C.
 18 9902(2)).

19 **SEC. 324. NATIONAL HEALTH CARE TRUST FUND.**

20 (a) TRUST FUND ESTABLISHED.—

21 (1) IN GENERAL.—There is hereby created on
 22 the books of the Treasury of the United States a
 23 trust fund to be known as the “National Health
 24 Care Trust Fund”. The Trust Fund shall consist of
 25 such gifts and bequests as may be made and such

1 amounts as may be deposited in, or appropriated to,
2 such Trust Fund as provided in this Act.

3 (2) TRANSFER OF AMOUNTS EQUIVALENT TO
4 CERTAIN TAXES AND PREMIUMS.—

5 (A) TAX AND PREMIUM REVENUES.—

6 There are hereby appropriated to the Trust
7 Fund amounts equivalent to the additional reve-
8 nues received in the Treasury as the result of
9 the provisions of, and amendments made by,
10 section 321.

11 (B) TRANSFERS BASED ON ESTIMATES.—

12 The amounts appropriated by subparagraph (A)
13 shall be transferred from time to time (not less
14 frequently than monthly) from the general fund
15 in the Treasury to the Trust Fund, such
16 amounts to be determined on the basis of esti-
17 mates by the Secretary of the Treasury of the
18 taxes and premiums, specified in such subpara-
19 graph, paid to or deposited into the Treasury;
20 and proper adjustments shall be made in
21 amounts subsequently transferred to the extent
22 prior estimates were in excess of or were less
23 than the taxes and premiums specified in such
24 subparagraph.

1 (3) TRANSFER OF FUNDS.—All amounts, not
2 otherwise obligated, that remain in the Federal Hos-
3 pital Insurance Trust Fund and the Federal Supple-
4 mental Medical Insurance Trust Fund on January
5 1, 1995 shall be transferred to the Trust Fund.

6 (4) INCORPORATION OF TRUST FUND PROVI-
7 SIONS.—The provisions of subsections (b) through
8 (i) of section 1841 of the Social Security Act (42
9 U.S.C. 1395t), as in effect on the day before the
10 date of the enactment of this Act, shall apply to the
11 Trust Fund in the same manner as such provisions
12 apply to the Federal Supplemental Medical Insur-
13 ance Trust Fund, except that any reference to the
14 Secretary of Health and Human Services or the Ad-
15 ministrator of the Health Care Financing Adminis-
16 tration shall be deemed a reference to the Adminis-
17 tration.

18 (5) APPROPRIATION OF ADDITIONAL SUMS.—
19 There are hereby authorized to be appropriated to
20 the Trust Fund such additional sums as may be re-
21 quired to make expenditures referred to in sub-
22 section (b).

23 (b) EXPENDITURES.—

1 (1) TO STATES.—Payments in each calendar
2 year to each State from the Trust Fund under sec-
3 tion 302 are hereby authorized and appropriated.

4 (2) OTHER GRANT PROGRAMS.—Amounts in the
5 Trust Fund shall be available, as provided by appro-
6 priation Acts, for grant programs relating to health
7 care services.

8 (3) ADMINISTRATIVE EXPENSES.—There are
9 hereby authorized and appropriated such sums as
10 are necessary for the administrative expenses of the
11 Administration for each fiscal year, not to exceed 3
12 percent of the total payments made to the States for
13 such fiscal year under section 302.

14 (c) TRUST FUND OFF-BUDGET.—The receipts and
15 disbursements of the Trust Fund and the taxes described
16 in subsection (a)(2) shall not be included in the totals of
17 the budget of the United States Government as submitted
18 by the President or of the congressional budget and shall
19 be exempt from any general budget limitation imposed by
20 statute on expenditures and net lending (budget outlays)
21 of the United States Government.

1 **TITLE IV—ADMINISTRATION**
2 **Subtitle A—Federal Administration**

3 **SEC. 401. NATIONAL HEALTH CARE ADMINISTRATION.**

4 (a) ESTABLISHMENT.—There is established a Na-
5 tional Health Care Administration that shall administer
6 the programs established under this Act. The Administra-
7 tion shall be an independent establishment, as defined in
8 section 104 of title 5, United States Code.

9 (b) ADMINISTRATOR OF HEALTH CARE.—

10 (1) APPOINTMENT.—There shall be in the Ad-
11 ministration an Administrator of Health Care who
12 shall be appointed by the President, with the advice
13 and consent of the Senate.

14 (2) COMPENSATION.—The Administrator shall
15 be compensated at the rate provided for level I of
16 the Executive Schedule.

17 (3) TERM.—The Administrator shall be ap-
18 pointed for a term of 4 years coincident with the
19 term of the President, or until the appointment of
20 a qualified successor.

21 (4) QUALIFICATIONS.—The Administrator shall
22 be selected on the basis of proven competence as a
23 manager.

24 (5) POWERS.—The Administrator shall be re-
25 sponsible for the exercise of all powers and the dis-

1 charge of all duties of the Administration, and shall
2 have authority and control over all personnel and ac-
3 tivities of the Administration.

4 (6) DELEGATION.—The Administrator may,
5 with respect to the administration of the national
6 health care program, assign duties, and delegate, or
7 authorize successive redelegations of, authority to
8 act and to render decisions, to such officers and em-
9 ployees as the Administrator may find necessary.
10 Within the limitations of such delegations,
11 redelegations, or assignments, all official acts and
12 decisions of such officers and employees shall have
13 the same force and effect as though performed or
14 rendered by the Administrator.

15 (7) COORDINATION.—The Administrator and
16 the Secretary of Health and Human Services shall
17 consult, on an ongoing basis, to ensure the coordina-
18 tion of the programs administered by the Adminis-
19 trator under this Act with the programs adminis-
20 tered by the Secretary under the Social Security Act
21 (42 U.S.C. 301 et seq.) and the Public Health Serv-
22 ice Act (42 U.S.C. 201 et seq.).

23 (c) PERSONNEL.—The Administrator shall appoint
24 such additional officers and employees as the Adminis-
25 trator considers necessary to carry out the functions of

1 the Administration under this Act. Except as otherwise
2 provided in any other provision of law, such officers and
3 employees shall be appointed, and their compensation shall
4 be fixed, in accordance with title 5, United States Code.

5 (d) EXPERTS AND CONSULTANTS.—The Adminis-
6 trator may procure the services of experts and consultants
7 in accordance with the provisions of section 3109 of title
8 5, United States Code.

9 (e) REGULATIONS.—

10 (1) IN GENERAL.—The Administrator may pre-
11 scribe such policies and regulations regarding the
12 national health care program as the Administrator
13 determines to be necessary or appropriate, including
14 policies and regulations relating to—

15 (A) eligibility;

16 (B) enrollment;

17 (C) covered services;

18 (D) State funding levels;

19 (E) payment of health care providers, in-
20 cluding fee schedules for health care providers;

21 (F)(i) standards for dispensing fees for
22 prescription drugs and biologicals (as defined in
23 section 315); and

24 (ii) prices for such prescription drugs and
25 biologicals, for durable medical equipment (as

defined in section 316), and for therapeutic devices and equipment (including eyeglasses, hearing aids, and prosthetic appliances);

(G) quality assurance standards for health care facilities, other health care providers, and covered services;

(H) certification and licensing of health care providers;

(I) consumer protection standards;

(J) cost-sharing, as described in section 323;

(K) health care goals and priorities in consultation with the Public Health Service; and

(L) education and training programs for health care providers.

(2) QUALITY ASSURANCE, CERTIFICATION, AND LICENSING.—

(A) BASIS.—

(i) INFORMATION.—In developing regulations under paragraph (1)(G), the Administrator shall take into consideration information from the national health care data base.

(ii) PROFESSIONAL OPINIONS.—In developing regulations under subparagraphs

1 (G) and (H) of paragraph (1), the Admin-
2 istrator shall consider the opinions of all
3 appropriate professional organizations.

4 (iii) PEER REVIEW ORGANIZATIONS.—

5 In developing regulations under paragraph
6 (1)(G), the Administrator shall consider
7 the recommendations of utilization and
8 quality control peer review organizations
9 established under section 1152 of the So-
10 cial Security Act (42 U.S.C. 1320c-1).

11 (iv) COUNCIL.—In developing regula-

12 tions under subparagraphs (G) and (I) of
13 paragraph (1), the Administrator shall
14 consider the recommendations of the Na-
15 tional Council on Quality Assurance and
16 Consumer Protection.

17 (B) FACILITIES AND SERVICES.—The Ad-

18 ministrator shall prescribe regulations under
19 paragraph (1)(G) covering all covered services
20 and all health care facilities and other health
21 care providers participating in the national
22 health care program, including individual and
23 group practitioners, hospitals, other inpatient
24 and outpatient facilities, ambulatory facilities
25 and services, home health agencies, care coordi-

1 nation services, and hospital discharge planning
2 services.

3 (f) PLANNING FUNCTIONS.—The Administration
4 shall—

5 (1) ensure that State health budgets under sec-
6 tion 301 reflect the goals and priorities rec-
7 ommended by State and local planning boards; and

8 (2) meet at least biannually with representa-
9 tives of State and local planning boards to—

10 (A) assess implementation;

11 (B) assist the boards in determining the
12 goals and priorities for meeting health care
13 needs; and

14 (C) assist the boards in planning, on the
15 basis of cost and utilization data available
16 through the national health care data base, for
17 the efficient and effective use of existing health
18 resources,

19 within each State and local planning area.

20 (g) PROGRAMS.—The Administration shall establish
21 and carry out, directly or through grants or contracts,
22 Federal—

23 (1) ombudsman programs;

24 (2) hotlines for complaints; and

1 (3) consumer and health care provider informa-
2 tion and education programs designed to increase
3 public understanding of the national health care pro-
4 gram, including programs to distribute information
5 from the national health care data base.

6 (h) NATIONAL HEALTH CARE DATA BASE.—The Ad-
7 ministration shall establish and maintain a national health
8 care data base, which shall include information regarding
9 the quality, effectiveness, utilization, and cost of all cov-
10 ered services.

11 **SEC. 402. NATIONAL HEALTH BOARD.**

12 (a) ESTABLISHMENT OF BOARD.—There shall be es-
13 tablished in the Administration a National Health Board.

14 (b) FUNCTIONS OF THE BOARD.—

15 (1) IN GENERAL.—The Board shall advise the
16 Administrator on policies related to the national
17 health care program established under this Act.

18 (2) SPECIFIC FUNCTIONS.—Specific functions
19 of the Board shall include—

20 (A) studying and making recommendations
21 regarding implementation of this Act and the
22 most effective methods of providing covered
23 services under this Act;

1 (B) studying and making recommendations
2 relating to the coordination of other programs
3 that provide health care services;

4 (C) reviewing and assessing the quality of
5 service that the Administration provides to the
6 public;

7 (D) reviewing and assessing the progress
8 of the Administration in developing needed im-
9 provements in the management of programs;

10 (E) in consultation with the Administrator,
11 reviewing the development and implementation
12 of a long-range research and program evalua-
13 tion plan for the Administration;

14 (F) reviewing and assessing any major
15 studies of health care services as may come to
16 the attention of the Board;

17 (G) assessing, for each region of the coun-
18 try, the information described in section
19 412(b)(1); and

20 (H) conducting such other reviews and as-
21 sessments as the Board determines to be appro-
22 priate.

23 (c) STRUCTURE AND MEMBERSHIP OF THE
24 BOARD.—The Board shall be composed of 25 members

1 who shall be appointed by the President, with the advice
2 and consent of the Senate, including—

3 (1) 4 members representing consumers;

4 (2) 4 members representing health care provid-
5 ers, each of whom shall represent a different pro-
6 vider group;

7 (3) 4 representatives of Federal departments
8 and agencies, including at least one individual rep-
9 resenting a public health agency;

10 (4) 4 representatives of State and local govern-
11 ments, including at least one individual representing
12 a public health agency;

13 (5) 1 member of the National Council on Qual-
14 ity Assurance and Consumer Protection;

15 (6) 1 member representing the business com-
16 munity; and

17 (7) 1 member representing organized labor.

18 (d) TERMS OF APPOINTMENT.—Each member of the
19 Board shall serve for a term of 5 years, except that—

20 (1) a member appointed to fill a vacancy occur-
21 ring prior to the expiration of the term for which a
22 predecessor was appointed, shall be appointed for
23 the remainder of such term; and

24 (2) the terms of service of the members initially
25 appointed shall be (as specified by the President) for

1 such fewer number of years as will provide for the
2 expiration of terms on a staggered basis.

3 (e) VACANCIES.—Any vacancy occurring in the mem-
4 bership of the Board shall be filled in the same manner
5 as the original appointment. The vacancy shall not affect
6 the power of the remaining members to execute the duties
7 of the Board.

8 (f) CHAIRPERSON.—The Board shall select a Chair-
9 person from among its members.

10 (g) COMPENSATION AND EXPENSES.—

11 (1) COMPENSATION.—Each member of the
12 Board who is not an employee of the Federal Gov-
13 ernment shall receive compensation at the daily
14 equivalent of 120 percent of the rate specified for
15 GS-15 of the General Schedule under section 5332
16 of title 5, United States Code, for each day the
17 member is engaged in the performance of duties for
18 the Board, including attendance at meetings and
19 conferences of the Board, and travel to conduct the
20 duties of the Board.

21 (2) TRAVEL EXPENSES.—Each member of the
22 Board shall receive travel expenses, including per
23 diem in lieu of subsistence, at rates authorized for
24 employees of agencies under subchapter I of chapter
25 57 of title 5, United States Code, for each day the

1 member is engaged in the performance of duties
2 away from the home or regular place of business of
3 the member.

4 (h) PERSONNEL.—

5 (1) STAFF DIRECTOR.—The Chairperson of the
6 Board shall, without regard to title 5, United States
7 Code, appoint a staff director who shall be paid at
8 a rate equivalent to the rate for the Senior Execu-
9 tive Service.

10 (2) ADDITIONAL STAFF.—The Chairperson of
11 the Board is authorized, without regard to title 5,
12 United States Code, to appoint and fix the com-
13 pensation of such staff as the Board determines to
14 be necessary to carry out the functions of the Board.

15 (3) LIMITATIONS.—The rate of compensation
16 for each staff member appointed under paragraph
17 (2) shall not exceed the daily equivalent of 120 per-
18 cent of the rate specified for GS-15 of the General
19 Schedule under section 5332 of title 5, United
20 States Code, for each day the staff member is en-
21 gaged in the performance of duties for the Board.
22 The Board may otherwise appoint and determine the
23 compensation of staff without regard to the provi-
24 sions of title 5, United States Code, that govern ap-
25 pointments in the competitive service, and the provi-

1 sions of chapter 51 and subchapter III of chapter 53
2 of title 5, United States Code, that relate to classi-
3 fication and General Schedule pay rates.

4 (i) TERMINATION.—Section 14 of the Federal Advi-
5 sory Committee Act (5 U.S.C. App.) shall not apply with
6 respect to the Commission.

7 **SEC. 403. NATIONAL COUNCIL ON QUALITY ASSURANCE**
8 **AND CONSUMER PROTECTION.**

9 (a) IN GENERAL.—The Administrator shall establish
10 a National Council on Quality Assurance and Consumer
11 Protection (referred to in this section as the “Council”),
12 to conduct studies and oversight, and prepare rec-
13 ommendations concerning quality assurance and consumer
14 protection procedures.

15 (b) DUTIES.—

16 (1) STUDY AND REPORT.—The Council shall
17 conduct a study of quality assurance and consumer
18 protection procedures. The Council shall submit a
19 report to the Administrator containing the results of
20 the study, including recommendations for regula-
21 tions prescribed under subparagraphs (G) and (I) of
22 section 401(e)(1).

23 (2) OVERSIGHT.—The Council shall collect in-
24 formation regarding the implementation of the regu-
25 lations on a regular basis. The Council shall submit

1 a report to the Administrator containing the infor-
2 mation and recommendations for reform.

3 (c) MEMBERSHIP.—The Council shall be composed of
4 18 members appointed by the Administrator, including—

5 (1) 6 individuals with expertise regarding qual-
6 ity assurance in medical and mental health fields;

7 (2) 6 individuals representing consumers; and

8 (3) 4 individuals representing health care pro-
9 viders.

10 (d) TERM OF OFFICE.—Each member of the Council
11 shall serve for a term of 5 years, except that—

12 (1) a member appointed to fill a vacancy occur-
13 ring prior to the expiration of the term for which a
14 predecessor was appointed, shall be appointed for
15 the remainder of such term; and

16 (2) the term of service of the members initially
17 appointed shall be (as specified by the Adminis-
18 trator) for such fewer number of years as will pro-
19 vide for the expiration of terms on a staggered basis.

20 (e) VACANCIES.—Any vacancy occurring in the mem-
21 bership of the Council shall be filled in the same manner
22 as the original appointment for the position being vacated.
23 The vacancy shall not affect the power of the remaining
24 members to execute the duties of the Council.

1 (f) CHAIRPERSON.—The Council shall select a Chair-
2 person from among its members.

3 (g) COMPENSATION AND EXPENSES.—

4 (1) COMPENSATION.—Each member of the
5 Council who is not an employee of the Federal Gov-
6 ernment shall receive compensation at the daily
7 equivalent of 120 percent of the rate specified for
8 GS-15 of the General Schedule under section 5332
9 of title 5, United States Code, for each day the
10 member is engaged in the performance of duties for
11 the Council, including attendance at meetings and
12 conferences of the Council, and travel to conduct the
13 duties of the Council.

14 (2) TRAVEL EXPENSES.—Each member of the
15 Council shall receive travel expenses, including per
16 diem in lieu of subsistence, at rates authorized for
17 employees of agencies under subchapter I of chapter
18 57 of title 5, United States Code, for each day the
19 member is engaged in the performance of duties
20 away from the home or regular place of business of
21 the member.

22 (h) POWERS.—The Council is authorized to—

23 (1) hold such hearings and sit and act at such
24 times;

25 (2) take such testimony;

1 (3) have such printing and binding done;

2 (4) enter into such contracts and other arrange-
3 ments;

4 (5) make such expenditures; and

5 (6) take such other actions,

6 as the Council may determine to be necessary to carry out
7 the duties of the Council.

8 (i) OATHS.—Any member of the Council may admin-
9 ister oaths or affirmations to witnesses appearing before
10 the Council.

11 (j) OBTAINING INFORMATION FROM FEDERAL AGEN-
12 CIES.—The Chairperson of the Council may secure di-
13 rectly from any Federal agency, information necessary to
14 enable the Council to carry out the duties of the Council,
15 if the information may be disclosed under section 552 of
16 title 5, United States Code. Subject to the previous sen-
17 tence, on the request of the Chairperson, the head of the
18 agency shall furnish the information to the Council.

19 (k) VOLUNTARY SERVICE.—Notwithstanding section
20 1342 of title 31, United States Code, the Chairperson of
21 the Council may accept for the Council voluntary services
22 provided by a member of the Council.

23 (l) GIFTS AND DONATIONS.—The Council may ac-
24 cept, use, and dispose of gifts or donations of property
25 in order to carry out the duties of the Council.

1 (m) USE OF MAIL.—The Council may use the United
2 States mails in the same manner and under the same con-
3 ditions as Federal agencies.

4 (n) STAFF.—

5 (1) APPOINTMENT AND COMPENSATION.—The
6 Council may appoint and determine the compensa-
7 tion of such staff as the Council determines to be
8 necessary to carry out the duties of the Council.

9 (2) LIMITATIONS.—The rate of compensation
10 for each staff member shall not exceed the daily
11 equivalent of 120 percent of the rate specified for
12 GS-15 of the General Schedule under section 5332
13 of title 5, United States Code, for each day the staff
14 member is engaged in the performance of duties for
15 the Council. The Council may otherwise appoint and
16 determine the compensation of staff without regard
17 to the provisions of title 5, United States Code, that
18 govern appointments in the competitive service, and
19 the provisions of chapter 51 and subchapter III of
20 chapter 53 of title 5, United States Code, that relate
21 to classification and General Schedule pay rates.

22 (o) EXPERTS AND CONSULTANTS.—The Chairperson
23 of the Council may obtain such temporary and intermit-
24 tent services of experts and consultants and compensate
25 the experts and consultants in accordance with section

1 3109(b) of title 5, United States Code, as the Council de-
2 termines to be necessary to carry out the duties of the
3 Council.

4 (p) DETAIL OF FEDERAL EMPLOYEES.—On the re-
5 quest of the Chairperson of the Council, the head of any
6 Federal agency shall detail, without reimbursement, any
7 of the personnel of the agency to the Council to assist the
8 Council in carrying out its duties. Any detail shall not in-
9 terrupt or otherwise affect the civil service status or privi-
10 leges of the Federal employee.

11 (q) TECHNICAL ASSISTANCE.—On the request of the
12 Chairperson of the Council, the head of a Federal agency
13 shall provide such technical assistance to the Council as
14 the Council determines to be necessary to carry out its
15 duties.

16 (r) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated to the Council such
18 sums as may be necessary to carry out the provisions of
19 this subtitle. The sums shall remain available until ex-
20 pended, without fiscal year limitation.

21 (s) TERMINATION.—Section 14 of the Federal Advi-
22 sory Committee Act (5 U.S.C. App.) shall not apply with
23 respect to the Council.

1 **SEC. 404. MEDICAL MALPRACTICE COMMISSION.**

2 (a) IN GENERAL.—The Administrator shall establish
3 a Medical Malpractice Commission (referred to in this sec-
4 tion as the “Commission”), to conduct a study and pre-
5 pare recommendations concerning medical malpractice.

6 (b) MALPRACTICE STUDY.—

7 (1) STUDY.—The Commission shall conduct a
8 study of medical malpractice. In conducting the
9 study, the Commission shall examine methods for—

10 (A) reducing costs associated with mal-
11 practice insurance;

12 (B) reducing the basis for malpractice
13 claims;

14 (C) targeting physicians and other health
15 care providers who are incompetent; and

16 (D) developing mechanisms that will pro-
17 tect consumers who are victims of malpractice.

18 (2) REPORT.—Not later than 18 months after
19 the date of the enactment of this subtitle, the Com-
20 mission shall prepare and submit to the President
21 and the appropriate committees of Congress a writ-
22 ten report containing—

23 (A) the findings and conclusions of the
24 Commission resulting from the study conducted
25 under paragraph (1); and

1 (B) recommendations for medical mal-
2 practice reform, based on the findings and con-
3 clusions described in subparagraph (A).

4 (c) MEMBERSHIP.—The Commission shall be com-
5 posed of 18 members appointed by the Administrator, in-
6 cluding—

7 (1) 3 individuals with expertise regarding
8 health care services;

9 (2) 3 individuals representing persons receiving
10 health care services;

11 (3) 3 individuals representing public payers;

12 (4) 3 individuals representing private payers;
13 and

14 (5) 3 individuals representing providers of
15 health care services.

16 (d) TERM OF OFFICE.—Members shall be appointed
17 for the life of the Commission.

18 (e) VACANCIES.—Any vacancy occurring in the mem-
19 bership of the Commission shall be filled in the same man-
20 ner as the original appointment for the position being va-
21 cated. The vacancy shall not affect the power of the re-
22 maining members to execute the duties of the Commission.

23 (f) CHAIRPERSON.—The Commission shall select a
24 Chairperson from among its members.

25 (g) COMPENSATION AND EXPENSES.—

1 (1) COMPENSATION.—Each member of the
2 Commission who is not an employee of the Federal
3 Government shall receive compensation at the daily
4 equivalent of 120 percent of the rate specified for
5 GS-15 of the General Schedule under section 5332
6 of title 5, United States Code, for each day the
7 member is engaged in the performance of duties for
8 the Commission, including attendance at meetings
9 and conferences of the Commission, and travel to
10 conduct the duties of the Commission.

11 (2) TRAVEL EXPENSES.—Each member of the
12 Commission shall receive travel expenses, including
13 per diem in lieu of subsistence, at rates authorized
14 for employees of agencies under subchapter I of
15 chapter 57 of title 5, United States Code, for each
16 day the member is engaged in the performance of
17 duties away from the home or regular place of busi-
18 ness of the member.

19 (h) POWERS.—The Commission is authorized to—

20 (1) hold such hearings and sit and act at such
21 times;

22 (2) take such testimony;

23 (3) have such printing and binding done;

24 (4) enter into such contracts and other arrange-
25 ments;

1 (5) make such expenditures; and

2 (6) take such other actions,

3 as the Commission may determine to be necessary to carry
4 out the duties of the Commission.

5 (i) OATHS.—Any member of the Commission may ad-
6 minister oaths or affirmations to witnesses appearing be-
7 fore the Commission.

8 (j) OBTAINING INFORMATION FROM FEDERAL AGEN-
9 CIES.—The Chairperson of the Commission may secure di-
10 rectly from any Federal agency, information necessary to
11 enable the Commission to carry out the duties of the Com-
12 mission, if the information may be disclosed under section
13 552 of title 5, United States Code. Subject to the previous
14 sentence, on the request of the Chairperson, the head of
15 the agency shall furnish the information to the Commis-
16 sion.

17 (k) VOLUNTARY SERVICE.—Notwithstanding section
18 1342 of title 31, United States Code, the Chairperson of
19 the Commission may accept for the Commission voluntary
20 services provided by a member of the Commission.

21 (l) GIFTS AND DONATIONS.—The Commission may
22 accept, use, and dispose of gifts or donations of property
23 in order to carry out the duties of the Commission.

1 (m) USE OF MAIL.—The Commission may use the
2 United States mails in the same manner and under the
3 same conditions as Federal agencies.

4 (n) STAFF.—

5 (1) APPOINTMENT AND COMPENSATION.—The
6 Commission may appoint and determine the com-
7 pensation of such staff as the Commission deter-
8 mines to be necessary to carry out the duties of the
9 Commission.

10 (2) LIMITATIONS.—The rate of compensation
11 for each staff member shall not exceed the daily
12 equivalent of 120 percent of the rate specified for
13 GS–15 of the General Schedule under section 5332
14 of title 5, United States Code for each day the staff
15 member is engaged in the performance of duties for
16 the Commission. The Commission may otherwise ap-
17 point and determine the compensation of staff with-
18 out regard to the provisions of title 5, United States
19 Code, that govern appointments in the competitive
20 service, and the provisions of chapter 51 and sub-
21 chapter III of chapter 53 of title 5, United States
22 Code, that relate to classification and General
23 Schedule pay rates.

24 (o) EXPERTS AND CONSULTANTS.—The Chairperson
25 of the Commission may obtain such temporary and inter-

1 mittent services of experts and consultants and com-
2 pensate the experts and consultants in accordance with
3 section 3109(b) of title 5, United States Code, as the
4 Commission determines to be necessary to carry out the
5 duties of the Commission.

6 (p) DETAIL OF FEDERAL EMPLOYEES.—On the re-
7 quest of the Chairperson of the Commission, the head of
8 any Federal agency shall detail, without reimbursement,
9 any of the personnel of the agency to the Commission to
10 assist the Commission in carrying out its duties. Any de-
11 tail shall not interrupt or otherwise affect the civil service
12 status or privileges of the Federal employee.

13 (q) TECHNICAL ASSISTANCE.—On the request of the
14 Chairperson of the Commission, the head of a Federal
15 agency shall provide such technical assistance to the Com-
16 mission as the Commission determines to be necessary to
17 carry out its duties.

18 (r) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated to the Commission such
20 sums as may be necessary to carry out the provisions of
21 this subtitle. The sums shall remain available until ex-
22 pended, without fiscal year limitation.

23 (s) TERMINATION.—Notwithstanding section 14 of
24 the Federal Advisory Committee Act (5 U.S.C. App.), the

1 Commission shall terminate 3 years after the date of the
2 enactment of this Act.

3 **SEC. 405. UTILIZATION AND QUALITY CONTROL PEER RE-**
4 **VIEW ORGANIZATIONS.**

5 (a) ORGANIZATION.—Section 1152 of the Social Se-
6 curity Act (42 U.S.C 1320c–1) is amended by striking
7 paragraph (1) and inserting the following new paragraph:

8 “(1)(A) is composed of a substantial number of
9 licensed health care providers who are—

10 “(i) engaged in the practice of providing
11 covered services under the National Health
12 Care Act of 1993;

13 “(ii) representative of the practicing health
14 care providers in the area, designated by the
15 Secretary under section 1153, with respect to
16 which the entity shall perform services under
17 this part; and

18 “(iii) representative of the groups of health
19 care providers providing services under the Act,
20 with no group providing a majority of the mem-
21 bership of the organization; or

22 “(B) has available to it, by arrangement or oth-
23 erwise, the services of a sufficient number of the li-
24 censed health care providers described in subpara-
25 graph (A) to ensure adequate peer review of the

1 services provided by the various medical specialties
 2 and subspecialties of health care providers under the
 3 Act;”.

4 (b) FUNCTIONS.—Section 1154(a) of the Social Secu-
 5 rity Act (42 U.S.C. 1320c-2(a)) is amended by adding
 6 at the end the following new paragraphs:

7 “(17) The organization shall make rec-
 8 ommendations to the Administrator of the National
 9 Health Care Administration regarding establishment
 10 and revision of regulations prescribed under section
 11 401(e)(1)(G) of the National Health Care Act of
 12 1993.

13 “(18) The organization shall submit such re-
 14 ports to a Consumer Board established under sec-
 15 tion 1165(a) as the Secretary may by regulation re-
 16 quire.”.

17 (c) CONSUMER BOARDS.—Part B of title XI of the
 18 Social Security Act (42 U.S.C. 1301 et seq.) is amended
 19 by adding at the end the following new section:

20 **“SEC. 1165. CONSUMER BOARDS.**

21 “(a) ESTABLISHMENT.—The Administrator shall es-
 22 tablish Peer Review Organization Consumer Boards (re-
 23 ferred to individually within this section as a ‘Board’)
 24 within geographic regions specified by the Administrator.

25 “(b) DUTIES.—

1 “(1) STUDY AND REPORT.—A Board shall con-
2 duct annual evaluations of the organizations de-
3 scribed in section 1152 within the geographic region
4 served by the Board. The Board shall submit a re-
5 port to the Administrator of the National Health
6 Care Administration (hereafter in this section re-
7 ferred to as the ‘Administrator’), the National
8 Board on Quality Assurance and Consumer Protec-
9 tion, and each Governor of a State within the region,
10 containing the results of the evaluation, including
11 recommendations for awards of contracts under this
12 part.

13 “(2) EDUCATION PROGRAMS.—A Board shall
14 establish and carry out education programs for con-
15 sumers to provide information related to—

16 “(A) implementation of the quality assur-
17 ance regulations prescribed under section
18 401(e)(1)(G) of the National Health Care Act
19 of 1993; and

20 “(B) availability of assistance for consum-
21 ers.

22 “(c) MEMBERSHIP.—

23 “(1) IN GENERAL.—The Board shall be com-
24 posed of 5 to 11 members, depending on the size of
25 the region, appointed by the Administrator.

1 “(2) REPRESENTATION.—In appointing mem-
2 bers to the Board, the Administrator shall ensure
3 that the members are representative of the racial
4 and ethnic composition of the geographic region
5 served by the Board.

6 “(3) ORGANIZATION REPRESENTATIVES.—The
7 Administrator shall appoint to each Board not fewer
8 than two members who shall serve on the Board of
9 Directors of an organization described in section
10 1152 within the region and who shall not be health
11 care providers.

12 “(d) TERM OF OFFICE.—Each member of the Board
13 shall serve for a term of 3 years, except that—

14 “(1) a member appointed to fill a vacancy oc-
15 curring prior to the expiration of the term for which
16 a predecessor was appointed, shall be appointed for
17 the remainder of such term; and

18 “(2) the terms of service of the members ini-
19 tially appointed shall be (as specified by the Admin-
20 istrator) for such fewer number of years as will pro-
21 vide for the expiration of terms on a staggered basis.

22 “(e) VACANCIES.—Any vacancy occurring in the
23 membership of the Board shall be filled in the same man-
24 ner as the original appointment for the position being va-

1 cated. The vacancy shall not affect the power of the re-
2 maining members to execute the duties of the Board.

3 “(f) CHAIRPERSON.—The Board shall select a Chair-
4 person from among its members.

5 “(g) COMPENSATION AND EXPENSES.—

6 “(1) COMPENSATION.—Each member of the
7 Board who is not an employee of the Federal Gov-
8 ernment shall receive compensation at the daily
9 equivalent of 120 percent of the rate specified for
10 GS-15 of the General Schedule under section 5332
11 of title 5, United States Code, for each day the
12 member is engaged in the performance of duties for
13 the Board, including attendance at meetings and
14 conferences of the Board, and travel to conduct the
15 duties of the Board.

16 “(2) TRAVEL EXPENSES.—Each member of the
17 Board shall receive travel expenses, including per
18 diem in lieu of subsistence, at rates authorized for
19 employees of agencies under subchapter I of chapter
20 57 of title 5, United States Code, for each day the
21 member is engaged in the performance of duties
22 away from the home or regular place of business of
23 the member.

24 “(h) POWERS.—The Board is authorized to—

1 “(1) hold such hearings and sit and act at such
2 times;

3 “(2) take such testimony;

4 “(3) have such printing and binding done;

5 “(4) enter into such contracts and other ar-
6 rangements;

7 “(5) make such expenditures; and

8 “(6) take such other actions,

9 as the Board may determine to be necessary to carry out
10 the duties of the Board.

11 “(i) OATHS.—Any member of the Board may admin-
12 ister oaths or affirmations to witnesses appearing before
13 the Board.

14 “(j) OBTAINING INFORMATION FROM FEDERAL
15 AGENCIES.—The Chairperson of the Board may secure di-
16 rectly from any Federal agency, information necessary to
17 enable the Board to carry out the duties of the Board,
18 if the information may be disclosed under section 552 of
19 title 5, United States Code. Subject to the previous sen-
20 tence, on the request of the Chairperson, the head of the
21 agency shall furnish the information to the Board.

22 “(k) VOLUNTARY SERVICE.—Notwithstanding sec-
23 tion 1342 of title 31, United States Code, the Chairperson
24 of the Board may accept for the Board voluntary services
25 provided by a member of the Board.

1 “(l) GIFTS AND DONATIONS.—The Board may ac-
2 cept, use, and dispose of gifts or donations of property
3 in order to carry out the duties of the Board.

4 “(m) USE OF MAIL.—The Board may use the United
5 States mails in the same manner and under the same con-
6 ditions as Federal agencies.

7 “(n) STAFF.—

8 “(1) APPOINTMENT AND COMPENSATION.—The
9 Board may appoint and determine the compensation
10 of such staff as the Board determines to be nec-
11 essary to carry out the duties of the Board.

12 “(2) LIMITATIONS.—The rate of compensation
13 for each staff member shall not exceed the daily
14 equivalent of 120 percent of the rate specified for
15 GS–15 of the General Schedule under section 5332
16 of title 5, United States Code, for each day the staff
17 member is engaged in the performance of duties for
18 the Board. The Board may otherwise appoint and
19 determine the compensation of staff without regard
20 to the provisions of title 5, United States Code, that
21 govern appointments in the competitive service, and
22 the provisions of chapter 51 and subchapter III of
23 chapter 53 of title 5, United States Code, that relate
24 to classification and General Schedule pay rates.

1 “(o) EXPERTS AND CONSULTANTS.—The Chair-
2 person of the Board may obtain such temporary and inter-
3 mittent services of experts and consultants and com-
4 pensate the experts and consultants in accordance with
5 section 3109(b) of title 5, United States Code, as the
6 Board determines to be necessary to carry out the duties
7 of the Board.

8 “(p) DETAIL OF FEDERAL EMPLOYEES.—On the re-
9 quest of the Chairperson of the Board, the head of any
10 Federal agency shall detail, without reimbursement, any
11 of the personnel of the agency to the Board to assist the
12 Board in carrying out its duties. Any detail shall not inter-
13 rupt or otherwise affect the civil service status or privi-
14 leges of the Federal employee.

15 “(q) TECHNICAL ASSISTANCE.—On the request of
16 the Chairperson of the Board, the head of a Federal
17 agency shall provide such technical assistance to the
18 Board as the Board determines to be necessary to carry
19 out its duties.

20 “(r) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to the Board such sums
22 as may be necessary to carry out the provisions of this
23 subtitle. The sums shall remain available until expended,
24 without fiscal year limitation.

1 “(s) TERMINATION.—Section 14 of the Federal Advi-
2 sory Committee Act (5 U.S.C. App.) shall not apply with
3 respect to the Board.”.

4 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

5 (1) Except as otherwise specifically provided in
6 this subsection, sections 1153, 1154, 1155, 1160,
7 and 1164 of the Social Security Act (42 U.S.C.
8 1320c-2, 1320c-3, 1320c-4, 1320c-9, and 1320c-
9 13) are amended by striking “title XVIII” each
10 place the term appears and inserting “the National
11 Health Care Act of 1993”.

12 (2) Section 1153(a)(2)(B) of the Social Secu-
13 rity Act (42 U.S.C. 1320c-2(a)(2)(B)) is amended
14 by striking “title XIX” and inserting “the National
15 Health Care Act of 1993”.

16 (3) Section 1154(a)(3)(A) of the Social Security
17 Act (42 U.S.C. 1320c-3(a)(3)(A)) is amended by
18 striking “title XVIII of this Act” and inserting “the
19 National Health Care Act of 1993”.

20 (4) Section 1154(a)(14) of the Social Security
21 Act (42 U.S.C. 1320c-3(a)(14)) is amended by
22 striking “under such title” and inserting “under the
23 National Health Care Act of 1993”.

24 (5) Section 1156 of the Social Security Act (42
25 U.S.C. 1320c-5) is amended by striking “under this

1 Act” each place the term appears and inserting
 2 “under the National Health Care Act of 1993”.

3 (6) Section 1158(a) of the Social Security Act
 4 (42 U.S.C. 1320c-7(a)) is amended by striking
 5 “title XIX of this Act” and inserting “the National
 6 Health Care Act of 1993”.

7 (7) Section 1161(5) of the Social Security Act
 8 (42 U.S.C. 1320c-12(5)) is amended by striking
 9 “title XVIII and XIX of this Act” and inserting
 10 “the National Health Care Act of 1993”.

11 (8) Section 1164(c)(2) of the Social Security
 12 Act (42 U.S.C. 1320c-13(c)(2)) is amended by
 13 striking “part A or part B of title XVIII” and in-
 14 serting “the National Health Care Act of 1993”.

15 **SEC. 406. PUBLIC HEALTH FUNCTIONS AND ACTIVITIES**

16 **COMMISSION.**

17 (a) IN GENERAL.—The Administrator shall establish
 18 a Public Health Functions and Activities Commission (re-
 19 ferred to in this section as the “Commission”).

20 (b) DUTIES.—

21 (1) STUDY AND RECOMMENDATIONS.—Not
 22 later than 6 months after the members of the Com-
 23 mission are appointed under subsection (c), the
 24 Commission shall conduct studies and prepare rec-
 25 ommendations concerning—

1 (A) public health functions and activities
2 that should remain separate from the national
3 health care program;

4 (B) the integration of public health pro-
5 grams, including any appropriate programs
6 funded through the maternal and child health
7 block grant funds made available under title V
8 of the Social Security Act (42 U.S.C. 701 et
9 seq.), into the national health care program;

10 (C) increased program and funding needs
11 for the training of health and allied health pro-
12 fessionals, including professionals trained
13 through the National Health Service Corps
14 Scholarship Program, and the National Health
15 Service Corps Loan Repayment Program, au-
16 thorized under subpart III of part D of title III
17 of the Public Health Service Act (42 U.S.C.
18 254l et seq.) and the education and training
19 programs authorized under titles VII and VIII
20 of the Public Health Service Act (42 U.S.C.
21 292 et seq. and 296k et seq.);

22 (D) increased funding needs for—

23 (i) payments to States under the ma-
24 ternal and child health block grants under
25 title V of the Social Security Act;

1 (ii) preventive health block grants
2 under part A of title XIX of the Public
3 Health Service Act (42 U.S.C. 300w et
4 seq.);

5 (iii) grants to States for community
6 mental health services under subpart I of
7 part B of title XIX of the Public Health
8 Service Act (42 U.S.C. 300x–1 et seq.);

9 (iv) grants to States for prevention
10 and treatment of substance abuse under
11 subpart II of part B of title XIX of the
12 Public Health Service Act (42 U.S.C.
13 300x–21 et seq.); and

14 (v) grants for HIV health care serv-
15 ices under parts A, B, and C of title XXVI
16 of the Public Health Service Act (42
17 U.S.C. 300ff–11 et seq., 300ff–21 et seq.,
18 and 300ff–41 et seq.); and

19 (E) the continued need for programs and
20 activities operated by local and State public
21 health departments.

22 (2) REPORT.—The Commission shall prepare
23 and submit to the Administrator a report containing
24 the recommendations described in paragraph (1).

1 (c) MEMBERSHIP.—The Commission shall be com-
2 posed of 9 members appointed by the Administrator, in-
3 cluding—

4 (1) 4 individuals representing public health
5 agencies at the Federal, State, and local levels;

6 (2) 1 health economist; and

7 (3) 3 other health professionals.

8 (d) TERM OF OFFICE.—Each member of the Com-
9 mission shall serve for the life of the Commission.

10 (e) VACANCIES.—Any vacancy occurring in the mem-
11 bership of the Commission shall be filled in the same man-
12 ner as the original appointment for the position being va-
13 cated. The vacancy shall not affect the power of the re-
14 maining members to execute the duties of the Commission.

15 (f) CHAIRPERSON.—The Commission shall select a
16 Chairperson from among its members.

17 (g) COMPENSATION AND EXPENSES.—

18 (1) COMPENSATION.—Members of the Commis-
19 sion shall not receive compensation for service on the
20 Commission.

21 (2) TRAVEL EXPENSES.—Each member of the
22 Commission shall receive travel expenses, including
23 per diem in lieu of subsistence, at rates authorized
24 for employees of agencies under subchapter I of
25 chapter 57 of title 5, United States Code, for each

1 day the member is engaged in the performance of
2 duties away from the home or regular place of busi-
3 ness of the member.

4 (h) POWERS.—The Commission is authorized to—

5 (1) hold such hearings and sit and act at such
6 times;

7 (2) take such testimony;

8 (3) have such printing and binding done;

9 (4) enter into such contracts and other arrange-
10 ments;

11 (5) make such expenditures; and

12 (6) take such other actions,

13 as the Commission may determine to be necessary to carry
14 out the duties of the Commission.

15 (i) OATHS.—Any member of the Commission may ad-
16 minister oaths or affirmations to witnesses appearing be-
17 fore the Commission.

18 (j) OBTAINING INFORMATION FROM FEDERAL AGEN-
19 CIES.—The Chairperson of the Commission may secure di-
20 rectly from any Federal agency, information necessary to
21 enable the Commission to carry out the duties of the Com-
22 mission, if the information may be disclosed under section
23 552 of title 5, United States Code. Subject to the previous
24 sentence, on the request of the Chairperson, the head of

1 the agency shall furnish the information to the Commis-
2 sion.

3 (k) VOLUNTARY SERVICE.—Notwithstanding section
4 1342 of title 31, United States Code, the Chairperson of
5 the Commission may accept for the Commission voluntary
6 services provided by a member of the Commission.

7 (l) GIFTS AND DONATIONS.—The Commission may
8 accept, use, and dispose of gifts or donations of property
9 in order to carry out the duties of the Commission.

10 (m) USE OF MAIL.—The Commission may use the
11 United States mails in the same manner and under the
12 same conditions as Federal agencies.

13 (n) STAFF.—

14 (1) APPOINTMENT AND COMPENSATION.—The
15 Commission may appoint and determine the com-
16 pensation of such staff as the Commission deter-
17 mines to be necessary to carry out the duties of the
18 Commission.

19 (2) LIMITATIONS.—The rate of compensation
20 for each staff member shall not exceed the daily
21 equivalent of 120 percent of the rate specified for
22 GS-15 of the General Schedule under section 5332
23 of title 5, United States Code for each day the staff
24 member is engaged in the performance of duties for
25 the Commission. The Commission may otherwise ap-

1 point and determine the compensation of staff with-
2 out regard to the provisions of title 5, United States
3 Code, that govern appointments in the competitive
4 service, and the provisions of chapter 51 and sub-
5 chapter III of chapter 53 of title 5, United States
6 Code, that relate to classification and General
7 Schedule pay rates.

8 (o) EXPERTS AND CONSULTANTS.—The Chairperson
9 of the Commission may obtain such temporary and inter-
10 mittent services of experts and consultants and com-
11 pensate the experts and consultants in accordance with
12 section 3109(b) of title 5, United States Code, as the
13 Commission determines to be necessary to carry out the
14 duties of the Commission.

15 (p) DETAIL OF FEDERAL EMPLOYEES.—On the re-
16 quest of the Chairperson of the Commission, the head of
17 any Federal agency shall detail, without reimbursement,
18 any of the personnel of the agency to the Commission to
19 assist the Commission in carrying out its duties. Any de-
20 tail shall not interrupt or otherwise affect the civil service
21 status or privileges of the Federal employee.

22 (q) TECHNICAL ASSISTANCE.—On the request of the
23 Chairperson of the Commission, the head of a Federal
24 agency shall provide such technical assistance to the Com-

1 mission as the Commission determines to be necessary to
2 carry out its duties.

3 (r) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to the Commission such
5 sums as may be necessary to carry out the provisions of
6 this subtitle. The sums shall remain available until ex-
7 pended, without fiscal year limitation.

8 (s) TERMINATION.—The Commission shall terminate
9 on submission of the report described in subsection (b)(2).

10 **SEC. 407. TECHNICAL ASSISTANCE CENTERS.**

11 (a) CENTERS.—The Administration shall provide on
12 a regional basis (either directly or through contracts with
13 nonprofit organizations) technical assistance centers for
14 States and localities in—

15 (1) health program planning, development, and
16 implementation;

17 (2) training;

18 (3) quality assurance, monitoring, and evalua-
19 tion;

20 (4) budgeting;

21 (5) payment procedures; and

22 (6) development of integrated automated data
23 processing systems.

24 (b) STATES WITH LIMITED CAPACITY.—The tech-
25 nical assistance centers shall provide resources to assist

1 States that lack the capacity to implement certain aspects
2 of the national health care program.

3 **Subtitle B—State and Local**
4 **Administration**

5 **SEC. 411. STATE AGENCY.**

6 (a) IN GENERAL.—In order for a State to be eligible
7 to receive payments under section 302, the State shall,
8 in accordance with regulations established by the Adminis-
9 tration, designate a State agency to be the sole State agen-
10 cy to carry out a State program under this Act.

11 (b) PLANNING FUNCTIONS.—The State agency shall
12 develop, on the basis of recommendations made by State
13 and local planning boards under section 412(c)—

14 (1) goals and priorities for developing health
15 policy and programs;

16 (2) a plan for the equitable distribution of
17 health resources, including the development of spe-
18 cialty health centers that—

19 (A) concentrate highly specialized medical
20 procedures, equipment, and trained specialists;
21 and

22 (B) avoid duplication of services;

23 (3) a plan for the integration of health services
24 with appropriate social and human services; and

1 (4) a plan to ensure that quality discharge
2 planning and social services are available to consum-
3 ers in all inpatient facilities to provide for care co-
4 ordination and continuity of care.

5 **SEC. 412. STATE AND LOCAL PLANNING BOARDS.**

6 (a) PLANNING BOARDS.—

7 (1) STATE BOARD.—Each State agency shall
8 establish, in accordance with regulations established
9 by the Administration, a State planning board,
10 which shall be composed of 12 members who shall
11 be appointed by the head of the State program, in-
12 cluding—

13 (A) 4 members representing consumers,
14 who shall be representative of the population of
15 the State;

16 (B) 3 members representing health care
17 providers;

18 (C) 1 member representing the business
19 community;

20 (D) 1 member representing organized
21 labor; and

22 (E) 2 representatives of appropriate State
23 agencies, including health, public health, social
24 services, education, public welfare, and employ-
25 ment agencies.

1 (2) LOCAL BOARDS.—Each State shall estab-
2 lish, in accordance with regulations established by
3 the Administration, local planning boards, which
4 shall be composed of 7 members who shall be ap-
5 pointed by the head of the State program, includ-
6 ing—

7 (A) 2 members representing consumers,
8 who shall be representative of the population of
9 the local planning area;

10 (B) 2 members representing health care
11 providers; and

12 (C) 2 representatives of appropriate local
13 agencies, including health, public health, social
14 services, education, public welfare, and employ-
15 ment agencies.

16 (3) TERMS OF APPOINTMENT.—Each member
17 of a State or local planning board shall serve for a
18 term of 3 years, except that a member appointed to
19 fill a vacancy occurring prior to the expiration of the
20 term for which a predecessor was appointed, shall be
21 appointed for the remainder of such term.

22 (4) VACANCIES.—Any vacancy occurring in the
23 membership of a State or local planning board shall
24 be filled in the same manner as the original appoint-
25 ment. The vacancy shall not affect the power of the

1 remaining members to execute the duties of the
2 board.

3 (b) ASSESSMENT.—

4 (1) INFORMATION.—The State and local plan-
5 ning boards shall assess, for each State or local
6 planning area, respectively—

7 (A) the demand for, and quality, supply,
8 and distribution of, health resources, includ-
9 ing—

10 (i) acute care hospitals;

11 (ii) specialized inpatient facilities;

12 (iii) outpatient facilities;

13 (iv) health care providers;

14 (v) specialized medical equipment; and

15 (vi) home and community-based
16 health programs; and

17 (B) the medical, mental, and psychosocial
18 health needs.

19 (2) EMPHASIS.—In conducting the assessment
20 described in paragraph (1), the State and local plan-
21 ning boards shall give special attention to health
22 professional shortage areas and special populations
23 of consumers.

24 (3) DATA.—The Administration shall make
25 available all appropriate data from the national

1 health care data base, and each State with a State
 2 program shall make available all appropriate data
 3 from any State health care data base, for use by
 4 State and local planning boards in conducting the
 5 assessment. In conducting the assessment, the State
 6 and local planning boards shall consider such data.

7 (c) RECOMMENDATIONS.—The State and local plan-
 8 ning boards shall make recommendations to the State
 9 agency regarding the goals, priorities, and plans described
 10 in section 411(b), and shall make recommendations to the
 11 Administration regarding the State budget described in
 12 section 301.

13 **TITLE V—TRANSITION AND RE-** 14 **LATIONSHIP TO OTHER PRO-** 15 **GRAMS**

16 **SEC. 501. EFFECTIVE DATE.**

17 The national health care program shall first apply to
 18 covered services furnished after January 1, 1995.

19 **SEC. 502. REPEALS AND INCORPORATIONS.**

20 (a) REPEAL OF MEDICARE AND MEDICAID.—

21 (1) REPEAL.—Titles XVIII and XIX of the So-
 22 cial Security Act (42 U.S.C. 1395 et seq. and 1396
 23 et seq.) are repealed.

24 (b) REPEAL OF CHAMPUS PROVISIONS.—

25 (1) IN GENERAL.—

1 (A) AMENDMENTS TO CHAPTER 55 OF
2 TITLE 10.—Sections 1079 through 1083, 1086,
3 and 1097 through 1100 of title 10, United
4 States Code, are repealed.

5 (B) TABLE OF SECTIONS.—The table of
6 sections at the beginning of chapter 55 of title
7 10, United States Code, is amended by striking
8 the items relating to the sections referred to in
9 subparagraph (A).

10 (2) CONFORMING AMENDMENTS.—Chapter 55
11 of title 10, United States Code, is amended as fol-
12 lows:

13 (A) DEFINITION.—Section 1072 is amend-
14 ed by striking paragraph (4).

15 (B) REIMBURSEMENT OF THE DEPART-
16 MENT OF VETERANS AFFAIRS.—Section
17 1104(b) is amended—

18 (i) in the subsection heading, by strik-
19 ing “from CHAMPUS funds”; and

20 (ii) by striking “from funds” and all
21 that follows and inserting “for medical
22 care provided by the Department of Veter-
23 ans Affairs pursuant to such agreement.”.

24 (3) IMPLEMENTATION.—

1 (A) TERMINATION OF HEALTH CARE.—No
2 health care may be provided under a
3 CHAMPUS contract on or after the effective
4 date of this section.

5 (B) SAVINGS PROVISION.—Payments for
6 health care provided pursuant to a CHAMPUS
7 contract before such date shall be made in ac-
8 cordance with such contract and the provisions
9 of law referred to in paragraphs (1)(A) and (2),
10 as such provisions of law were in effect on the
11 day before such effective date.

12 (C) DEFINITION.—As used in this sub-
13 section, the term “CHAMPUS contract”
14 means—

15 (i) a contract for an insurance, medi-
16 cal service, or health care plan entered into
17 pursuant to section 1079(a) of title 10,
18 United States Code;

19 (ii) a contract for health benefits
20 under such a plan entered into pursuant to
21 section 1086(a) of such title; and

22 (iii) a contract for the delivery of
23 health care entered into pursuant to sec-
24 tion 1097 of such title.

1 (c) REPEAL OF DEPARTMENT OF VETERANS AF-
2 FAIRS MEDICAL CARE PROVISIONS.—

3 (1) IN GENERAL.—Title 38, United States
4 Code, is amended as follows:

5 (A) CHAPTER 17.—Chapter 17 is repealed.

6 (B) CHAPTER 73.—Chapter 73 is repealed.

7 (C) CHAPTER 81.—Chapter 81 is repealed.

8 (D) CHAPTER 82.—Chapter 82 is repealed.

9 (2) CONFORMING AMENDMENTS.—

10 (A) RELATING TO CHAPTER 17.—The table
11 of chapters at the beginning of title 38, United
12 States Code, and part II of such title are
13 amended by striking out the item relating to
14 chapter 17.

15 (B) RELATING TO CHAPTER 73.—The table
16 of chapters at the beginning of such title and
17 part V of such title are amended by striking out
18 the item relating to chapter 73.

19 (C) RELATING TO CHAPTERS 81 AND 82.—
20 The table of chapters at the beginning of such
21 title and part VI of such title are amended by
22 striking out the items relating to chapter 81
23 and 82.

24 (3) IMPLEMENTATION.—

1 (A) TERMINATION OF HEALTH CARE AND
2 OTHER ASSISTANCE.—No health care, nursing
3 home care, domiciliary care, other medical care,
4 or financial or other assistance related to such
5 care may be provided by contract or otherwise
6 under chapter 17, 73, 81, or 82 of title 38,
7 United States Code, on or after the effective
8 date of this section.

9 (B) SAVINGS PROVISION.—

10 (i) IN GENERAL.—Payments pursuant
11 to contracts and agreements referred to in
12 clause (ii) before such date shall be made
13 in accordance with such contracts and
14 agreements and the provisions of law re-
15 ferred to in paragraph (1) as such provi-
16 sions were in effect on the day before such
17 effective date.

18 (ii) CONTRACTS AND AGREEMENTS.—
19 Contracts and agreements referred to in
20 clause (i) are contracts and agreements
21 under title 38, United States Code that
22 are:

23 (I) contracts for hospital care
24 and medical services in non-Depart-

1 ment of Veterans Affairs facilities
2 under section 603;

3 (II) contracts with organizations
4 for emergency medical services under
5 section 611;

6 (III) contracts for medical treat-
7 ment in such facilities under section
8 612(a)(6);

9 (IV) contracts for counseling and
10 related medical health services under
11 section 612A(e);

12 (V) contracts for prosthetic appli-
13 ances under section 614(a);

14 (VI) contracts for therapeutic
15 and rehabilitative services under sec-
16 tion 618(b);

17 (VII) contracts for nursing home
18 care and adult day health care under
19 section 620(d)(1);

20 (VIII) contracts for treatment of
21 alcohol, drug abuse, or abuse disabil-
22 ities under section 620A(a)(1);

23 (IX) contracts for hospital care,
24 medical services and nursing home
25 care abroad under section 624(c);

1 (X) contracts to provide care and
2 treatment by the Veterans Memorial
3 Medical Center of the Philippines
4 under section 632(a);

5 (XI) contracts for activities con-
6 ducted by employees of the Federal
7 Government other than employees of
8 the Department of Veterans Affairs
9 under section 5010(c);

10 (XII) sharing agreements with
11 the Department of Defense under sec-
12 tion 5011(d);

13 (XIII) contracts for furnishing
14 health-care services to members of the
15 Armed Forces under section 5011(b);

16 (XIV) contracts for prosthetic
17 appliances under section 5023;

18 (XV) contracts for procurement
19 of health-care items under section
20 5025(b); and

21 (XVI) contracts for securing spe-
22 cialized medical resources under sec-
23 tion 5053(a).

1 (d) REPEAL OF FEDERAL EMPLOYEES HEALTH
2 BENEFITS PROGRAM.—Chapter 89 of title 5, United
3 States Code, is repealed.

4 (e) PROVISION OF SERVICES BY INDIAN HEALTH
5 SERVICE.—Notwithstanding any other provision of law,
6 the Secretary of Health and Human Services shall provide
7 covered services to eligible individuals not enrolled in the
8 Program through the Indian Health Service in lieu of
9 health services provided by the Service on the date of the
10 enactment of this Act, including services provided under
11 sections 201 through 204 of the Indian Health Care Im-
12 provement Act (25 U.S.C. 1621 et seq.).

13 (f) EFFECTIVE DATE.—Except as provided in section
14 503(b), this section and the amendments made by this sec-
15 tion shall take effect on January 1, 1995.

16 **SEC. 503. TRANSITION.**

17 (a) STATE PROGRAM GRANTS.—

18 (1) ESTABLISHMENT.—The Administrator shall
19 award grants to States to enable the States—

20 (A) to plan and develop State programs;

21 and

22 (B) to award grants and make loans to
23 nonprofit organizations to assist the organiza-
24 tions in establishing Integrated Health Service
25 Plans.

1 (2) ELIGIBILITY.—To be eligible to receive a
2 grant under paragraph (1), a State shall submit an
3 application to the Administrator at such time, in
4 such manner, and containing such information as
5 the Administrator may require.

6 (3) AUTHORIZATION OF APPROPRIATIONS.—
7 There are authorized to be appropriated to carry out
8 this subsection such sums as may be necessary for
9 each of the 1993 through 1995 fiscal years.

10 (b) STUDY AND REPORT.—

11 (1) STUDY.—The Administrator shall, in con-
12 sultation with the Secretary of Health and Human
13 Services, the Secretary of Defense, the Secretary of
14 Veterans Affairs, and the Director of the Office of
15 Personnel Management examine possible strategies
16 for accomplishing the transition and provision of
17 services described in section 502.

18 (2) REPORT.—Not later than January 1, 1993,
19 the Administrator shall submit to the appropriate
20 committees of Congress a report containing—

21 (A) the recommendations of the Public
22 Health Functions and Activities Commission set
23 forth in the report described in section
24 406(b)(2);

1 (B) the findings and conclusions of the Ad-
2 ministrator, based on the study described in
3 paragraph (1); and

4 (C) recommendations for legislative reform
5 to accomplish the transition and provision of
6 services described in section 502.

7 (3) MODIFICATION.—Notwithstanding any
8 other provision of this Act and to the extent the Ad-
9 ministration determines it is appropriate and fiscally
10 responsible, the Administration may include in the
11 report recommendations to reduce the period be-
12 tween the date of the enactment of this Act and the
13 effective dates otherwise provided in this Act.

14 (4) EFFECT OF RECOMMENDATIONS.—Unless
15 the Congress enacts a disapproval resolution under
16 the procedures described in section 504 not later
17 than the date that is 60 days after the submission
18 of the report described in paragraph (2), on such
19 date—

20 (A) the recommendations contained within
21 the report shall have the force of law; and

22 (B) the Secretary shall, in accordance with
23 this Act, provide covered services to all individ-
24 uals that received the services under the provi-
25 sions of law specified in section 502.

1 (c) REGULATIONS.—

2 (1) IN GENERAL.—The Administrator shall
3 issue such regulations as are necessary to provide
4 for a transition to the national health care program
5 from the programs that are repealed under sub-
6 sections (a) through (c) of section 502, and the pro-
7 visions of services by the Indian Health Service
8 under section 502(d).

9 (2) CONSIDERATIONS.—In promulgating the
10 regulations described in paragraph (1) the Adminis-
11 trator shall take into consideration the findings and
12 conclusions of the study described in subsection
13 (b)(1).

14 **SEC. 504. RULES GOVERNING CONGRESSIONAL CONSIDER-**
15 **ATION.**

16 (a) RULES OF HOUSE OF REPRESENTATIVES AND
17 SENATE.—This section is enacted by the Congress—

18 (1) as an exercise of the rulemaking power of
19 the House of Representatives and the Senate, re-
20 spectively, and as such is deemed a part of the rules
21 of each House, respectively, but applicable only with
22 respect to the procedure to be followed in that
23 House in the case of disapproval resolutions de-
24 scribed in subsection (b), and supersedes other rules

1 only to the extent that such rules are inconsistent
2 therewith; and

3 (2) with full recognition of the constitutional
4 right of either House to change the rules (so far as
5 relating to the procedure of that House) at any time,
6 in the same manner and to the same extent as in
7 the case of any other rule of that House.

8 (b) TERMS OF THE RESOLUTION.—For purposes of
9 this Act, the term “disapproval resolution” means only a
10 joint resolution of the two Houses of the Congress, provid-
11 ing in—

12 (1) the matter after the resolving clause of
13 which is as follows: “That the Congress disapproves
14 the action of the National Health Care Administra-
15 tion as submitted by the Administration on
16 _____, the blank space
17 being filled in with the appropriate date; and

18 (2) the title of which is as follows: “Joint Reso-
19 lution disapproving the action of the National
20 Health Care Administration”.

21 (c) INTRODUCTION AND REFERRAL.—On the day on
22 which the action of the Administration is transmitted to
23 the House of Representatives and the Senate, a dis-
24 approval resolution with respect to such action shall be
25 introduced (by request) in the House of Representatives

1 by the Majority Leader of the House, for himself and the
2 Minority Leader of the House, or by Members of the
3 House designated by the Majority Leader of the House,
4 for himself and the Minority Leader of the House, or by
5 Members of the House designated by the Majority Leader
6 and Minority Leader of the House; and shall be introduced
7 (by request) in the Senate by the Majority Leader of the
8 Senate, for himself and the Minority Leader of the Senate,
9 or by Members of the Senate designated by the Majority
10 Leader and Minority Leader of the Senate. If either
11 House is not in session on the day on which such an action
12 is transmitted, the disapproval resolution with respect to
13 such action shall be introduced in the House, as provided
14 in the preceding sentence, on the first day thereafter on
15 which the House is in session. The disapproval resolution
16 introduced in the House of Representatives and the Senate
17 shall be referred to the appropriate committees of each
18 House.

19 (d) AMENDMENTS PROHIBITED.—No amendment to
20 a disapproval resolution shall be in order in either the
21 House of Representatives or the Senate; and no motion
22 to suspend the application of this subsection shall be in
23 order in either House, nor shall it be in order in either
24 House for the Presiding Officer to entertain a request to

1 suspend the application of this subsection by unanimous
2 consent.

3 (e) PERIOD FOR COMMITTEE AND FLOOR CONSIDER-
4 ATION.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), if the committee or committees of either
7 House to which a disapproval resolution has been re-
8 ferred have not reported it at the close of the 45th
9 day after its introduction, such committee or com-
10 mittees shall be automatically discharged from fur-
11 ther consideration of the disapproval resolution and
12 it shall be placed on the appropriation calendar. A
13 vote on final passage of the disapproval resolution
14 shall be taken in each House on or before the close
15 of the 45th day after the disapproval resolution is
16 reported by the committees or committee of that
17 House to which it was referred, or after such com-
18 mittee or committees have been discharged from fur-
19 ther consideration of the disapproval resolution. If
20 prior to the passage by one House of a disapproval
21 resolution of that House, that House receives the
22 same disapproval resolution from the other House
23 then—

1 (A) the procedure in that House shall be
2 the same as if no disapproval resolution had
3 been received from the other House; but

4 (B) the vote on final passage shall be on
5 the disapproval resolution of the other House.

6 (2) COMPUTATION OF DAYS.—For purposes of
7 paragraph (1), in computing a number of days in ei-
8 ther House, there shall be excluded any day on
9 which the House is not in session.

10 (f) FLOOR CONSIDERATION IN THE HOUSE OF REP-
11 RESENTATIVES.—

12 (1) MOTION TO PROCEED.—A motion in the
13 House of Representatives to proceed to the consider-
14 ation of a disapproval resolution shall be highly priv-
15 ileged and not debatable. An amendment to the mo-
16 tion shall not be in order, nor shall it be in order
17 to move to reconsider the vote by which the motion
18 is agreed to or disagreed to.

19 (2) DEBATE.—Debate in the House of Rep-
20 resentatives on a disapproval resolution shall be lim-
21 ited to not more than 20 hours, which shall be di-
22 vided equally between those favoring and those op-
23 posing the disapproval resolution. A motion further
24 to limit debate shall not be debatable. It shall not
25 be in order to move to recommit a disapproval reso-

1 lution or to move to reconsider the vote by which a
2 disapproval resolution is agreed to or disagreed to.

3 (3) MOTIONS TO POSTPONE.—Motions to post-
4 pone, made in the House of Representatives with re-
5 spect to the consideration of a disapproval resolu-
6 tion, and motions to proceed to the consideration of
7 other business, shall be decided without debate.

8 (4) APPEALS.—All appeals from the decisions
9 of the Chair relating to the application of the Rules
10 of the House of Representatives to the procedure re-
11 lating to a disapproval resolution shall be decided
12 without debate.

13 (5) GENERAL RULES APPLY.—Except to the ex-
14 tent specifically provided in the preceding provisions
15 of this subsection, consideration of a disapproval res-
16 olution shall be governed by the Rules of the House
17 of Representatives applicable to other bills and reso-
18 lutions in similar circumstances.

19 (g) FLOOR CONSIDERATION IN THE SENATE.—

20 (1) MOTION TO PROCEED.—A motion in the
21 Senate to proceed to the consideration of a dis-
22 approval resolution shall be privileged and not debat-
23 able. An amendment to the motion shall not be in
24 order, nor shall it be in order to move to reconsider

1 the vote by which the motion is agreed to or dis-
2 agreed to.

3 (2) GENERAL DEBATE.—Debate in the Senate
4 on a disapproval resolution, and all debatable mo-
5 tions and appeals in connection therewith, shall be
6 limited to not more than 20 hours. The time shall
7 be equally divided between, and controlled by, the
8 Majority Leader and the Minority Leader or their
9 designees.

10 (3) DEBATE OF MOTIONS AND APPEALS.—De-
11 bate in the Senate on any debatable motion or ap-
12 peal in connection with a disapproval resolution shall
13 be limited to not more than 1 hour, to be equally di-
14 vided between, and controlled by, the mover and the
15 manager of the disapproval resolution, except that in
16 the event the manager of the disapproval resolution
17 is in favor of any such motion or appeal, the time
18 in opposition thereto, shall be controlled by the Mi-
19 nority Leader or his designee. Such leaders, or ei-
20 ther of them, may, from time under their control on
21 the passage of a disapproval resolution, allot addi-
22 tional time to any Senator during the consideration
23 of any debatable motion or appeal.

1 (4) OTHER MOTIONS.—A motion in the Senate
 2 to further limit debate is not debatable. A motion to
 3 recommit a disapproval resolution is not in order.

4 (h) POINT OF ORDER REQUIRING SUPERMAJORITY
 5 FOR MODIFICATIONS TO ACTIONS ONCE APPROVED.—

6 (1) IN GENERAL.—It shall not be in order in
 7 the House of Representatives or the Senate to con-
 8 sider any amendment to the actions of the National
 9 Health Care Administration except as provided in
 10 paragraph (2).

11 (2) WAIVER.—The point of order described in
 12 paragraph (1) may be waived or suspended in the
 13 House of Representatives or the Senate only, by the
 14 affirmative vote of three-fifths of the Members duly
 15 chosen and sworn.

16 **SEC. 505. RELATION TO EMPLOYEE RETIREMENT INCOME**
 17 **SECURITY ACT OF 1974.**

18 The provisions of the Employee Retirement Income
 19 Security Act (29 U.S.C. 1001 et seq.) are superseded to
 20 the extent inconsistent with the requirements of this Act.

21 **TITLE VI—MISCELLANEOUS**
 22 **PROVISIONS**

23 **SEC. 601. BILL OF RIGHTS.**

24 (a) SENSE OF CONGRESS.—It is the sense of Con-
 25 gress that consumers in the national health care program

1 shall have the rights specified in the bill of rights set forth
2 in subsection (b).

3 (b) BILL OF RIGHTS.—

4 (1) Consumers shall have the right to—

5 (A) receive timely health-related informa-
6 tion; and

7 (B) be involved in decisions affecting their
8 health;

9 (C) receive prompt evaluation, humane
10 care, and professional treatment;

11 (D) receive services without regard to race,
12 color, religion, sex, national origin, age, health
13 condition, sexual preference, income, language,
14 or geographic residence in an urban or rural
15 area;

16 (E) refuse treatment or prescribed services
17 and know the consequences of such refusal;

18 (F) be treated with dignity and respect;

19 (G) maintain privacy and confidentiality;

20 (H) maintain confidentiality of financial
21 and health records;

22 (I) obtain access to medical records;

23 (J) obtain treatment in the least restrictive
24 setting;

25 (K) express or file grievances;

1 (L) be informed if treatment or services
2 are denied, reduced, or terminated;

3 (M) obtain information and forms that are
4 easily understood and that are written in a lan-
5 guage understood by the consumer or health
6 care provider;

7 (N) obtain health care services that are
8 sensitive to the cultural attitudes of the
9 consumer population being served; and

10 (O) receive quality health care services in
11 any penal institution.

12 **SEC. 602. RESEARCH AND SERVICE DELIVERY IMPROVE-**
13 **MENT PROGRAM GRANTS.**

14 (a) IN GENERAL.—The Administrator shall make
15 grants to eligible entities to conduct research that will ex-
16 amine, or carry out programs that will develop—

17 (1)(A) ways of better providing covered services
18 through the national health care program to con-
19 sumers residing in rural, central city, and other
20 health professional shortage areas; and

21 (B) alternative models for delivering primary
22 health and mental health services to medically un-
23 derserved populations, including the use of outreach
24 mobile services, transportation, home visiting, and

1 systems to promote linkages with essential health
2 and other human services;

3 (2) the effectiveness of the national health care
4 program in enabling access to health care services
5 for minorities, women, and other special populations
6 who have traditionally had problems with access to
7 health care (to be initiated 2 years from the date of
8 implementation);

9 (3) the relationship between—

10 (A) psychosocial well-being; and

11 (B) prevention of illness and disease;

12 (4) successful health education and treatment
13 approaches in avoiding preventable illnesses and dis-
14 eases;

15 (5) innovative prevention, treatment, and serv-
16 ice delivery approaches to health and mental health
17 care delivery to mentally impaired persons;

18 (6) innovative prevention, treatment, and serv-
19 ice delivery approaches to improve the mental health
20 and psychosocial well-being of the elderly;

21 (7) the impact of interprofessional collaboration
22 on the effectiveness of care coordination in inpatient
23 and outpatient health care settings, including long-
24 term care settings;

1 (8) quality assurance and program effectiveness
2 with respect to mental health care services;

3 (9) quality indicators for measuring treatment
4 effectiveness;

5 (10) the effectiveness of, and reductions of cost
6 in, selective, widely used diagnostic and treatment
7 procedures;

8 (11) alternative approaches to continuing edu-
9 cation programs for health care personnel in rural
10 areas; and

11 (12) innovations in service delivery that en-
12 hance continuity of care, care coordination, and
13 service efficiency and effectiveness.

14 (b) APPLICATION.—To be eligible to receive a grant
15 under this section, an entity shall submit an application
16 to the Administrator at such time, in such manner, and
17 containing such information as the Administrator may re-
18 quire, including an assurance that the entity shall submit
19 to the Administrator such information as the Adminis-
20 trator may require to comply with subsection (c).

21 (c) ANNUAL REPORT.—The Administrator shall pre-
22 pare and submit a report to Congress by not later than
23 April 1 of each year (beginning with 1995) concerning the
24 progress of the research and demonstration projects con-
25 ducted under this section.

1 **SEC. 603. PREVENTION, HEALTH PROMOTION, AND HEALTH**
2 **AWARENESS PROGRAM GRANTS.**

3 (a) ESTABLISHMENT.—The Administrator shall
4 make grants to eligible entities to establish—

5 (1) innovative statewide or local prevention and
6 health promotion programs, such as community-
7 based wellness and outreach programs and school-
8 based programs;

9 (2) health awareness programs in schools,
10 workplaces, health and social agencies; and

11 (3) community-based programs to prevent com-
12 munity health problems, such as adolescent preg-
13 nancy, drug abuse, family violence, and violence in
14 the schools.

15 (b) APPLICATION.—To be eligible to receive a grant
16 under this section, an entity shall submit an application
17 to the Administrator at such time, in such manner, and
18 containing such information as the Administrator may re-
19 quire.

20 **SEC. 604. DISPLACED WORKERS.**

21 Section 301(a)(1)(B) of the Job Training Partner-
22 ship Act (29 U.S.C. 1651(a)(1)(B)) is amended by adding
23 before the semicolon the following: “, or as a result of re-
24 ductions in health insurance industry jobs due to the es-
25 tablishment of the national health care program under the
26 National Health Care Act of 1993, as determined in ac-

- 1 cordance with regulations of the Secretary of Health and
- 2 Human Services”.

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